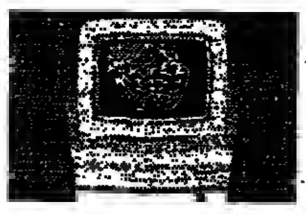
Shaken confidence

The paradox at the heart of Europe

Sir Leon Brittan, Page 17



Theatre tricks

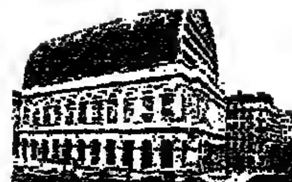
The computer moves downstage

Page 11

Pirate CDs

A timebomb under the music industry

Page 8



Rhône Alpes

A political power base

Survey, Pages 29-31

FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY MARCH 29 1994 — D8523A

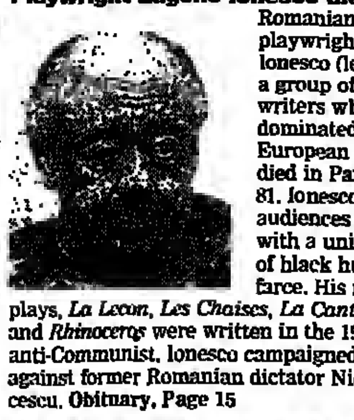
American and Delta in link-up deals with European airlines

American Airlines and Delta Air Lines, two of the biggest US carriers, are set to form partnerships with two European airlines. American is expected to announce next month a marketing and ticket code-sharing deal with Lot Polish Airlines, while Delta is set to announce a similar deal with Austrian Airlines today. Page 18

Tokyo aims to avert trade war: Japan will today unveil a wide-ranging package of economic measures designed to defuse trade tension with the US. Page 18

Schoolgirl killed in class: A schoolgirl was killed and three other children were injured after an intruder brandishing weapons burst into a class of 12- and 13-year-olds at a school in Middlesbrough in the north of England. Police were called and a 29-year-old man was arrested.

Playwright Eugene Ionesco dies



Romanian-born French playwright Eugene Ionesco (left), one of a group of "absurdist" writers whose work dominated post-war European theatre, died in Paris aged 81. Ionesco captivated audiences worldwide with a unique blend of black humour and farce. His most famous plays, *La Lecon*, *Les Chaises*, *La Cantatrice Chauve* and *Rhinoceros* were written in the 1950s. A militant anti-Communist, Ionesco campaigned from exile against former Romanian dictator Nicolae Ceaucescu. Obituary, Page 15

Russian diplomat killed in Algeria: Suspected *Moslem fundamentalists* killed a Russian diplomat in Algeria. He was the first diplomat to die in the country's two-year-long political violence.

S Korea and China agree industry pact: South Korea and China agreed to co-operate in the development and production of cars, aircraft, telecommunications equipment and high-definition television. Page 5

Japan's steel output plunges: Japan's crude steel output, a leading indicator of industrial activity, is expected to hit a 23-year low for the April-June quarter. Page 5

Local polls boost Turkish PM: Embattled Turkish prime minister Tansu Çiller appeared to have strengthened her position as her centre-right True Path party headed for a narrow victory in local elections. Page 2

Japanese carmakers to raise imports: Japan's biggest car companies said they would raise output overseas, lift local content of vehicles made abroad and import more foreign components for domestic manufacture. Page 8

Storms kill 42 in US: Tornadoes and violent thunderstorms that ripped through five southern US states killed at least 42 people and injured about 250.

Pearson profits up 38%: Publishing and information group Pearson marked its transformation from conglomerate to concentrated media company with pre-tax profits of £209m ($305m) for 1993, a rise of 38 per cent. Page 19

Hebron pact near: Israeli and Palestinian *officials may reach agreement today* on security measures to protect Palestinians in Hebron. This should lead to the resumption of talks on Israeli withdrawal from Gaza and Jericho. Page 4

Inchcape shares dip: Inchcape shares fell 37p to 515p ($7.50) after it reported 1993 profits adversely affected by the yen's strength and weak demand in many markets. Page 19; Lex, Page 18, Details, Page 28

Colosio plot speculation grows: Speculation is mounting in the Mexican press that the murder of presidential candidate Luis Donaldo Colosio was planned by subversive organisations or hard-line members of his own party. Page 6

Air traffic control sell-off: The UK government is expected to press ahead this week with its proposal to privatise the air traffic control services of the Civil Aviation Authority. Page 9

US closing figures: US commodities, currencies and share prices cannot appear in this edition of the FT this week because summer time in Europe began a week earlier than daylight saving time in the US.

■ STOCK MARKET INDICES		
FT-SE 100:	3,129.5	(+0.5)
Yield	3.88	
FT SE Eurotrack 100	1,436.59	(+24.10)
FT-SE-A All-Share	1,582.0	(+0.0%)
Nikkei	19,941.79	(+105.31)
New York: lunchtime		
Dow Jones Ind Ave	3,731.26	(-43.27)
S&P Composite	455.27	(-4.31)
■ US LUNCHTIME RATES		
Federal Funds	3½%	
3-mo Treas Bills: Yld	3.569%	
Long Bond	90⅜	
Yield	6.996%	
■ LONDON MONEY		
3-mo Interbank	5⅜%	(same)
Liffe long gilt future	Mar 107⅜	(Mar 106⅞)
■ NORTH SEA OIL (Argus)		
Brent 15-day (May)	$13.12	(13.91)
■ Gold		
New York Comex (Apr)	$388.6	(391.0)
London	$389.8	(369.4)

■ STERLING		
New York lunchtime:		
$	1.49665	
London:		
$	1.4966	(1.4975)
DM	2.5035	(2.4978)
FFr	8.5654	(8.5598)
SFr	2.1269	(2.1239)
Y	156.574	(156.836)
£ Index	80.2	(same)
■ DOLLAR		
New York lunchtime:		
DM	1.672	
FFr	5.7155	
SFr	1.421	
Y	104.665	
London:		
DM	1.6728	(1.668)
FFr	5.7233	(5.7163)
SFr	1.4212	(1.4184)
Y	104.62	(104.735)
$ Index	65.8	(same)
Tokyo close Y 104.74		

Austria	Sch30	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lev25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	Sk50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	Turkey	L13000
						UAE	Dh12.00

Balladur abandons law cutting wages for young workers

By David Buchan in Paris

Mr Edouard Balladur, the French prime minister, yesterday effectively abandoned his controversial law cutting wages for young trainee workers, in a move designed to end a month of street protests by students and unions.

Mr Balladur made his fourth retreat on domestic policy in recent months after government parties did slightly less well than they had hoped in local council elections on Sunday.

After meeting student leaders, he announced he had suspended the *contrat d'insertion professionelle* (CIP) for a week and instructed the head of the ANPE national employment agency to find an alternative system within that time. The CIP, which permits young apprentices to be paid less than the minimum wage, passed into law last autumn. Decrees implementing it were published last month.

Though the CIP law has not been formally scrapped – as students and unions have demanded – Mr Nicholas Sarkozy, budget minister and government spokesman, made clear this was the intention. He said the mission of Mr Michel Bon, head of the ANPE, was to "define a new system and put an end to the CIP".

Student union leaders welcomed Mr Balladur's suspension of the CIP "as a first step", but said their members would not be satisfied until the law was scrapped. They indicated they might go ahead with a protest march planned for Thursday.

As late as last Friday, when 30,000 students marched in Paris against the CIP, Mr Balladur seemed resolved to make an exception to his previous tendency to give way in the face of street protests. He had already watered down the original CIP to maintain the minimum wage for diploma-holders and to strengthen training provisions for unqualified youths receiving less than the minimum wage.

But on Sunday night, as it became clear that the relatively good votes received by government coalition parties had not translated into any net gain of seats on local councils, Mr Balladur promised to "re-establish a dialogue" with the nation's youth and to "examine various possible solutions" to the CIP.

In addition to Mr Bon's mission, which may result in the creation of a special job agency for the 25 per cent of French young who are without work, the government is planning to consult a variety of youth organisations in coming weeks.

In contrast to his strong policy stands, for example in maintaining French troops in Bosnia or *maintaining a firm franc*, Mr Balladur has tended to surrender on social issues at home.

Over the past year he has yielded to striking Air France employees protesting against lay-offs, to defenders of state education complaining about a proposed improvement in private school finance, and to fishermen demonstrating against imports. He has drawn on privatisation proceeds to pay for concessions.

According to a weekend opinion poll by the BVA agency, 64 per cent of French people believe the CIP should be withdrawn.

Editorial Comment, Page 17

Inkatha marchers mown down

Associated Press

Supporters of the mainly Zulu Inkatha Freedom party dive for cover after coming under fire outside the headquarters of the rival African National Congress during a march in Johannesburg. Page 4

UK ready to accept deal on EU voting

By Philip Stephens in London and Lionel Barber in Brussels

The UK government was last night preparing to accept the proposed compromise with its European partners over voting rights in a move which should pave the way for the entry into the Union next January of four new members.

But as Mr Douglas Hurd, the foreign secretary, awaited cabinet endorsement of the arrangement this morning, prime minister John Major was accused by backbench members of the Conservative party of reneging on pledges to strike a harder bargain.

To limit the potential backlash among Conservative MPs Mr Hurd was awaiting assurances from the European Commission that in future it will not seek to circumvent Britain's opt-out from the social provisions of the *Maastricht treaty*.

The foreign secretary expects to receive this morning a written commitment from Mr Jacques Delors, the Commission president, that in future Brussels will not use health and safety legislation to frustrate the opt-out.

The compromise – tabled at a weekend meeting of EU foreign ministers in Greece – raises to 27 from the present 23 the number of votes required to block decisions in the Council of Ministers once the Union is enlarged.

But it allows for a legally enforceable pause in decision-making when countries muster between 23 and 27 votes. It also stresses that the new arrangement is an interim one, with the whole question of the relative voting strengths of small and large EU countries to be reopened in 1996.

Brussels diplomats said that with the other 11 EU governments expected to endorse it, the UK had little choice but to do likewise or risk triggering a crisis with its EU partners over enlargement. Sir Leon Brittan, the senior British commissioner in Brussels, also urged acceptance.

But the consensus at Westminster was that by encouraging his supporters to believe he would take a more determined stance,

Continued on Page 18

Markets surge on expectation of parliamentary majority for rightwing alliance

Berlusconi group ahead in Italian polls

By Robert Graham in Rome and John Simkins in Milan

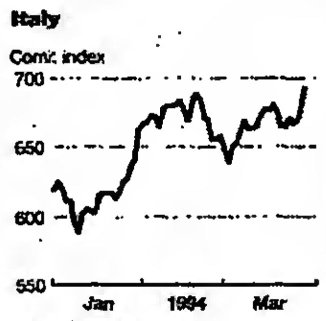
The rightwing Freedom Alliance led by media magnate Mr Silvio Berlusconi last night appeared to have a commanding lead in Italy's general elections.

But it was unclear whether the alliance would win an absolute majority of seats in the new parliament, which is being elected by a mixture of first-past-the-post and proportional representation.

One exit poll for state television said the Berlusconi bloc could fall short of the 316 seats needed for a majority in the 630-member Chamber of Deputies. But a Doxa exit poll for Mr Berlusconi's own TG5 news programme forecast he was headed for at least 319 seats.

Italy's financial markets surged yesterday with strong buying based on reports that Mr Berlusconi's Alliance was likely to win an overall parliamentary majority.

Italy



Source: Datastream

The Milan stock market's main index added 3.76 per cent, while the lira strengthened against the dollar and the D-Mark on hopes of a stable government. "The market got stronger and stronger as rumours were spread of a Berlusconi victory," said Mr Alberto Rolla of securities house Milla.

Reaction in the markets was based on leaked exit polls conducted by at least three organisations during Sunday's voting. It did not take account of yesterday's second and final day of voting, when polling stations were due to close at 10pm local time. Electoral regulations banned the publication of exit polls until the stations had closed, but leaks gave between 46 per cent and 51 per cent of the vote to the Freedom Alliance, composed of Mr Berlusconi's Forza Italia movement, the populist Northern League of Mr Umberto Bossi and the neo-fascist MSI/National Alliance of Mr Gianfranco Fini.

It would be well ahead of the seven-party Progressive Alliance headed by the former communist Party of the Democratic Left and the centre Italian Pact, headed by Mr Mario Segni.

Speaking before the count yesterday, Mr Marco Formentini, the Northern League mayor of Milan, stressed that his federalist party would not join the National Alliance in government.

"They have ideas radically opposed to ours," he said. "They want to keep the state as it is; they are nationalists. With them the hope of a more modern Italy would certainly be at an end."

He said that for this reason it was important for the Northern League and Forza Italia to stay together and that it might be possible to find other allies with which to form a government.

But, in a thinly veiled reference to Mr Berlusconi's party, he warned of the danger of allowing "business to prevail over ideas". He added: "The risk is that if Forza Italia is too strong, change will slow down and there will be a return to the political interests that we need to dismantle."

Mr Formentini said that the structure of the state had to be changed in order to achieve a free market.

Just before voting ended, the outgoing Italian government awarded the licence to run Italy's new Europe-wide GSM-standard mobile telecommunications network to an international consortium led by Olivetti. The losing consortium included a venture owned by Mr Berlusconi.

Government bonds, Page 24
Currencies, Page 40
World stocks, Page 44

Oil prices hit by Opec decision to maintain output

By Robert Corzine in London

Oil prices fell sharply yesterday as markets responded to the decision by the Organisation of Petroleum Exporting countries not to cut output at a time of year when world demand is usually low.

The price of the benchmark Brent blend for May delivery was $13.20 a barrel in late London trading yesterday, 70 cents down on Friday's close. It has fallen by almost $5 over the past year.

Traders said there was scope for prices to test the five-year low of $12.90 reached earlier this year.

"If it holds at that level then it could bounce back," said Mr Lindsay Horne, a trader at the London office of Lehman Brothers, a US investment bank. "But if it breaks through that barrier it could go as low as $12.50," he added.

Opec ministers who met in Geneva at the weekend said they expected the markets' initial reaction to be negative. But they justified their decision to maintain Opec's present production ceiling of 24.52m barrels a day until the end of the year by citing forecasts of much higher demand by then.

■ Great divide emerges in the oilfields Page 16
■ Lex Page 18
■ Commodities Page 32

Iran, which had favoured a cut to boost prices, yesterday renewed its criticism of Saudi Arabia, Opec's dominant producer, which refused to take part in any scheme which would have reduced its 8m b/d quota.

Mr Gholemreza Aghazadeh, Iran's oil minister, told a Teheran news conference that "Saudi Arabia's decision to oppose any decrease in Opec's production ceiling has only served to keep down the price of oil."

Analysts said prices were likely to be volatile next month. Mr Joseph Stanislaw, analyst at Cambridge Energy Research Associates in Paris, believes prices will eventually recover if Opec states continue to adhere to the quota. But he predicted that traders would continue to test

Continued on Page 18

CONTENTS

Elf board approves accord with Treuhand over reducing stake

Leuna oil refinery to go ahead

By John Ridding in Paris

The main construction work of the Leuna 2000 oil refinery, one of the largest industrial projects in eastern Germany, should start next month. This follows the resolution of a dispute between Elf Aquitaine, the French oil group, and the Treuhand privatisation agency, Mr Philippe Jaffré, Elf's chairman, said yesterday.

Mr Jaffré said Elf's board had approved the draft accord with the Treuhand yesterday but said certain areas still needed clarifying. He believed, however, that a final agreement could be signed by the end of the month.

Under the terms of the agreement, Elf will reduce its stake in the DM4.5bn (£1.75bn) project from 67 per cent to 43 per cent, following the acquisition of a 24 per cent stake by Rosneft, the Russian state-owned oil group. It will also be relieved of a requirement to retain an additional 33 per cent stake from Thyssen Handelsunion, a subsidiary of the German steel group, should Thyssen sell the stake after the refinery is built.

The areas of clarification requested by Elf's board include the terms by which the 33 per cent stake would be transferred from Thyssen to Buna, the German state-owned chemicals company. Mr Jaffré said Elf wanted to be sure that the terms of the transactions were fair.

He said his decision to reduce Elf's stake in the project, which prompted an angry reaction from the Treuhand, was based on concerns about its viability under the terms of the original agreement. "The project was too big for Elf to undertake alone. We needed the backing of a solid German partner," he said.

According to Mr Jaffré, the future of the project could not have been guaranteed without a partner committed to tha refinery after the construction phase. He said that Elf would have pulled out of the project if partners had not been found. "I would have preferred to cut off my finger than my hand," he said.

Mr Jaffré, who took over as Elf chairman last August, said he was satisfied with the participation of Rosneft and denied that this involved risks. He said the Russians were to pay for their stake in crude oil, which they needed to export. A similar agreement had been negotiated with Rosneft under the previous Elf chairman, Mr Loïk le Floch-Prigent.

According to Mr Jaffré, the compromise agreement does not include the surrender of any Minol service stations which were acquired as part of the oil refinery deal. Buna may take a 33 per cent stake in Minol, but Elf says it would still be left with a controlling 66 per cent share.

Local polls set to strengthen Çiller

A strong law and order platform appears to have paid off for Turkey's beleaguered premier, writes **John Murray Brown**

Turkey's embattled prime minister, Mrs Tansu Çiller, appeared to have strengthened her position yesterday, as her centre-right True Path party (DYP) headed for a narrow victory in nationwide local elections.

Last night, with around half the votes counted for the provincial assemblies, the DYP was leading with 22.8 per cent of the vote, compared with 21.3 per cent for the conservative Motherland party (Anap). In a shock result, the Moslem-backed Refah party (RP), with 18 per cent of the vote nationally, seemed poised to win Istanbul, the country's cultural and commercial capital, feeding on disaffection with the mainstream parties.

The national result, while having no direct bearing on party strengths in parliament, will provide Mrs Çiller with a badly needed electoral mandate. The outcome is a particular blow to the political ambitions of the Anap's leader, Mr Mesut Yilmaz, who billed the elections as a referendum on the government's performance.

Despite almost universal criticism of her economic policies, yesterday's polls suggest the rural voter still believes Mrs Çiller is the best hope for national revival.

The result clearly strengthens her hand on reform as her coalition partners, the Social Democratic Populists, who have been routinely obstructive on tax and privatisation moves, suffered widespread losses, winning around 12 per cent.

However, Mrs Çiller has only won herself a breathing space and still has to convince the market she can assemble a team and administer spending restraints and other economic reforms to narrow the fiscal deficit and restore confidence in the currency.

She met her key economic advisers for four hours earlier in the day, and last night was said to be finalising details of a reform package.

In the end, what probably clinched the result was Mrs Çiller's decision to fight on a strong law and order platform – particularly her legal moves against Kurdish MPs. This appears to have been strongly endorsed in rural Anatolia and the Aegean region where the DYP is traditionally strong.

The Turkish military, which is currently preparing for its long heralded spring offensive against rebel positions, will also take comfort from the vote which would appear to back up the security forces' hard line against the Kurds, despite the international criticism of growing human rights abuse.

The markets welcomed the result yesterday, with the lira steadier at around 24,900 to the dollar.

A notable element in the results was the RP's strong showing, although its national standing is partly explained by the withdrawal of the Kurdish candidates in the southeast, where the RP scored heavily. Its strong showing in Istanbul was achieved despite a concerted press campaign to discredit its candidate.

Supporters mob Mr Ilhan Kesici, the main opposition Motherland party's candidate for mayor of Istanbul – but he seemed likely to lose the race Reuter

Voting widens Ukraine's east-west split

By Jill Barshay in Kiev and Leyla Boulton in Sevastopol, Crimea

Ukrainian polls at the weekend revealed a widening rift between the country's east and west.

People voted in large numbers to replace the communist-dominated parliament that has blocked economic reform, but pro-communist forces in the east secured resounding majorities in "opinion polls" favouring closer ties with Moscow.

Belying predictions of voter apathy, 75 per cent of the electorate turned out at polls across the nation, taking all 450 parliamentary districts past the necessary 50 per cent threshold.

President Leonid Kravchuk's advisers had been counting on a low turnout, enabling them to declare the elections invalid and setting the stage for presidential rule.

However, although the vote was a confusing one for many Ukrainians – with some ballots carrying more than two dozen names – initial returns showed new opposition faces emerging into the lead throughout the country.

The requirement that candidates also secure more than 50 per cent of the vote to win a parliamentary seat saw 90 per cent of seats unfilled, however, pending a run-off election on April 10 between the two leading candidates in each district.

"For the most part, it looks like it'll be the new wave – democrats, businessmen – versus the old guard in the run-offs," said Mr Roman Zwarycz of the independent Elections 94 press centre.

However, Crimea, the city of Donetsk in eastern Ukraine, and the Lugansk region on the Russian border ignored a presidential ban and held votes on closer ties with Russia, which threaten to create new federal problems for Mr Kravchuk.

The Crimean president's administration said more than 80 per cent of the voters had endorsed a survey to form a special, more independent relationship with Kiev and allow Russian-Ukrainian dual citizenship.

General Valery Kuznetsov, adviser to Crimean president Yuri Meshkov on military affairs, said that the survey, which Mr Kravchuk had outlawed, "showed once again that Crimea does not want to be prevented from living as Crimeans want to live".

A similar survey in Donetsk showed that 90 per cent of the electorate favoured joining the CIS economic union, making Russian an official language and decentralising the Ukrainian state, according to a preliminary estimate.

In the 47 seats filled by an outright majority in the first round, a number of high-profile national leaders secured seats, including Mr Ivan Plyushch, parliamentary chairman, and Mr Victor Pynzenik, a market economist and former government minister.

Mr Leonid Kuchma, the former prime minister, who favoured closer relations with Russia in his campaign, and Mr Vyacheslav Chornovil, leader of the opposition nationalist Rukh party, also won seats.

"These elections have been a positive event. The people have shown the political will to improve their country," commented Mr Vladimir Averchev, a Russian MP observer for the Conference on Security and Co-operation in Europe. "I didn't realise how disillusioned Ukrainians were with the current parliament."

He added: "I think the second round will go through and Ukraine will have a real chance to head on the road to reforms."

Ukrainian living standards have fallen rapidly in recent months, with incomes eaten up by hyperinflation. However, the current Ukrainian parliament, dominated by former communists, has been opposed both to economic reform and to relinquishing the country's nuclear arsenal – a condition of much western economic support.

US heaps praise on Russian premier

By John Lloyd in Moscow

The government of Mr Victor Chernomyrdin deserved "much praise", Mr Ron Brown, the US commerce secretary, said yesterday in Moscow. His remarks underlined the strong support now being shown by the west to a government accepted as reformist, even after losing its best known reformers.

Mr Brown is in the Russian capital with a team of US chief executives for talks with senior ministers, including Mr Chernomyrdin, on investment and trade. Their aim is to maintain the momentum of support for Russia, which was greatly accelerated last week with the conditional offer of a $1.5bn loan from the International Monetary Fund.

The commerce secretary said yesterday "the steps he [Mr Chernomyrdin] has taken have given us great confidence on the future – steps to hold down inflation, steps that represent fiscal prudence".

On the IMF loan deal – reached last week in talks in Moscow between Mr Chernomyrdin and Mr Michel Camdessus, the Fund's managing director – he said it was "terribly important, not only in practical terms. It also sends an important signal, it creates momentum".

Mr Brown's remarks came after a strong attack on the extension of the loan by Mr Boris Fyodorov, the former deputy premier for finance, who said at the weekend that the government's policies would change "in the wrong direction" once the loan was advanced.

While Mr Brown was complimentary about Russia's macroeconomic stance, he was critical of the barriers met by foreign businessmen working in and with Russia.

He said that rapidly varying taxes, recently imposed high tariff barriers and delays in the Russian parliament approving legislation were all "major disincentives" to investment in the country.

"There must be some consistency [in taxation] – it's unrealistic to expect that companies will come if tax changes constantly," he said.

He stressed, however, that the message he wished to send was one of support. The US government and private sector were anxious to be supportive during Russia's transition to a market-driven economy.

"This is an economy which is moving in dramatic ways and we want to be as helpful as we can. There will be fits and starts, there will be bumps along tho way. Wa want to be sure that these bumps do not cause disincentives that will make American businessmen want to pull away."

Crisis threatens in Poland over cabinet post dispute

By Christopher Bobinski in Warsaw

Poland's two-month search for a finance minister threatens to blow up into a political crisis following the refusal of President Lech Walesa to accept Dr Dariusz Rosati, a 47-year-old economist, for the post.

Mr Marek Borowski resigned as finance minister after a dispute with Mr Waldemar Pawlak, prime minister, over control of the economy. The lack of a successor has left policymaking in a state of flux just as the government faces new talks with the International Monetary Fund on a standby agreement.

Dr Rosati, currently employed by tha United Nations in Geneva, said yesterday he was considering withdrawing his candidature, which was put forward by the Democratic Left Alliance (SLD), the senior coalition partner.

The president's decision appears to mark the start of open hostilities with the SLD which could paralyse the government.

At the weekend, Mr Walesa threatened to dissolve parliament after Mr Borowski suggested that the president's constitutional powers to block government appointments might be curtailed.

Mr Pawlak, who leads the farmers party (PSL), the junior coalition partner, yesterday issued a statement supporting Dr Rosati's candidature "for as long as the SLD or Dr Rosati maintain it".

However, Mr Pawlak has not been happy with Dr Rosati's candidature and the president's veto is aimed at widening the rift between the two coalition partners. Mr Walesa particularly wants to weaken Mr Alexander Kwasniewski, the youthful SLD leader who is a serious challenger for the presidency in elections due in the autumn of 1995.

At the root of the dispute over the finance post is an attempt by Mr Pawlak to establish his primacy over the cabinet and redefine the original coalition agreement which handed responsibility for economic and financial policy to the SLD when the government was formed last autumn.

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NEWS: EUROPE

EUROPEAN NEWS DIGEST

France wins new EU parliament

France is set to win its battle to build a new chamber for the European parliameot in Strasbourg. An agreement is expected to be endorsed this week by the Strasbourg city council and the parliameot's bureau, ending a dispute which threatened to disrupt the Euro-elections in June.

The French government had blocked an agreed tncrease in the number of MEPs from 518 to 567, mainly to take account of German unification, until the parliament signed a lease oo a oew building in Strasbourg. The tactic upset the Bonn government, but Paris was worried that the parliament, the only European Union institution on French soil, was gradually drifting away to Brussels, the site for the European Commission and the council of ministers.

Critics argue that the proposed building, which could cost up to $500m (£342.4m), is redundant. MEPs have only just moved into an expensive new home in Brussels, and most would prefer to work in the Belgian capital rather than commute once a month to Strasbourg. The new building will be financed by state and city-backed loans, with the parliament reimbursing tha bulk of the money in rent over 20 years. *Lionel Barber, Brussels.*

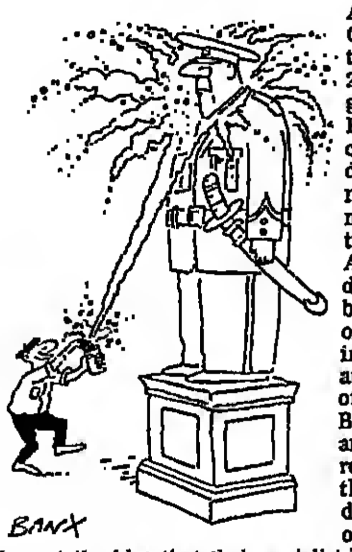
Yeltsin signs lease on Baikonur

Russian president Boris Yeltsin signed an agreement yesterday giving Moscow a 20-year lease on the Baikonur cosmodrome, the space launchpad that became part of the republic of Kazakhstan when the Soviet Union split up two years ago.

The agreement, signed in Moscow with the Kazakhstan president, Mr Nursultan Nazarbayev, represented a settlement of what had become among the most contentious issues separating Russia and the central Asian republic. Moscow had sought up to a 99-year lease on the prestigious Baikonur, the 600-sq-mile site from which Russia has launched all its manned flights since Yuri Gagarin became the first man in space in 1961. But Kazakhstan sought a shorter commitment because it wants to operate the site itself once it is technically and economically capable. The deal includes a clause allowing the lease to be extended by 10 years. *Steve LeVine, Moscow.*

■ Russian deputy prime minister Anatoly Chubais has said in a British television interview that extremists are planning a coup in Russia to put nationalist leader, Mr Vladimir Zhirinovsky, in power. Mr Chubais told the BBC that he had no doubts about the plot although there was no evidence yet. "They (are) already doing detailed preparation work for reaching this goal to move Zhirinovsky into (the) Kremlin this year, this autumn," he said. *Reuter, London.*

Soft drink may toast hardliners



An official suggestion that Coca-Cola might sponsor the celabrationa of the 20th anniversary of Portugal's "Revolution of the Flowers" has plunged the country into an emotional debate on the brand name's symbolism. Banned for half a century by the right-wing dictator Antonio de Salazar as "a drug". Coca-Cola is seen by many as an apt symbol of the end of Portugal's international isolation and its return to the fold of western democracy. But the young left-wing army officers who led the revolution in April, 1974, themselves scorned the drink as "the dirty water of imperialism" and now lament the idea that their socialist-inspired revolt should be associated with what they see as a leading symbol of capitalism. *Peter Wise, Lisbon.*

Italian bank names chairman

Cariplo, Italy's largest savings bank, yesterday nominated a new chairman to succeed Mr Roberto Mazzotta who was told by Milan magistrates early last month that he faced charges of alleged corruption relating to property transactions by the bank's pension fund. Mr Mazzotta later resigned. The nomination of Mr Sandro Molinari, the present general director who has worked for the Milan-based bank for 40 years, will be considered at a shareholder meeting on April 11. *John Simkins, Milan.*

Bulgarian-German ties boosted

Bulgaria and Germany, allies during the second world war, yesterday signed their first military co-operation agreement for 50 years. the Bulgarian defence minister, Mr Valeotin Alexandrov said the agreement, signed with visiting German defence minister Volker Rühe, involved the regular exchange of information and staff between the two armies, military jurisdiction and management. Bulgaria joined the US-sponsored Partnership for Peace scheme last month and Mr Alexandrov expressed confidence that his country would eventually join Nato. *Reuter, Sofia.*

Bosnians meet over peace pact

Bosnia's Moslem-dominated parliament yesterday met to ratify an agreement to form a federation with the Croats in a move Mr Haris Silajdzic, the Bosnian foreign minister, said was a "defeat for Serbian aggression". The meeting coincided with Serb charges thet the Bosnian army had attacked Serb-held towns in northern Bosnia. *Laura Silber, Belgrade.*

Rise in Swedish EU opposition

Oppositioo to joining the EU has strengthened in Sweden since it signed an accession accord with Brussels at the beginning of the month, according to a poll published yesterday. The poll, for the business newspaper Dagens Industri, showed opposition growing by two percentage points since February to 54 per cent, while support for membership slipped by the same margin to 46 per ceot. *Hugh Carnegy, Stockholm.*

ECONOMIC WATCH

German inflation falls to 3.2%

Western Germany: inflation

Annual % change in CPI

Source: Datastream

Inflation In Germany has fallen to its lowest level since May 1991, according to preliminary data released by the federal statistics office showing a monthly increase of 0.2 per cent for March. Inflation in the 12 months to March was 3.2 per cent, a drop of 0.2 percentage points comparad with the rata in tha 12 months to February. The preliminary figure is based on results from the four most populous Länder. Final figures are not expected until mid-April. The March increase is in line with forecasts of falling inflation and comes two weeks after Mr Hans Tietmayer, the Bundesbank president, said inflation was set to fall below 2 per cent in the long term. The government has forecast inflatioo of about 3 per cent for 1994. Analysts said the March rise was mainly caused by increased taxes on fuel, although the higher cost of rents and services also contributed to the rise. *Michael Lindemann, Bonn.*

Bulgaria closer to debt reduction pact

EU backing has cleared the way for more reform funds, write **Virginia Marsh** and **Anthony Robinson**

Bulgaria is moving closer to finalising a dabt redDction agreement with western creditors following last week's decisioo by the European Union to grant the country $175m (£120m) in balance of payments support. This has given the government a chance to push ahead both with economic reform and settlement of its $9.3bn foreign debt.

The EU loan agreement means that Bulgaria now has the financial backing needed to meet a June 30 deadline for rescbeduling its debt to 300 London Club commercial banks.

Other Group of 24 countries are expected to agree a further $150m in aid at a meeting in Brussels this week. This will enable the International Monetary Fund to go abesd with a much-delayed $400m loan package.

An IMF standby agreement will, in turn, unlock $200m in linked World Bank and Japaoese funding. The IMF and World Bank are also considering further loans of $225m if the debt rescheduling deal goes through.

With central bank reserves down to around $600m, foreign financing is essential if Bulgaria is to make an initial payment of $850m on its debt to the London Club. This was promised in the framework agreemeot reached last November when the hanks, cbaired by Dentsche Bank, agreed to halve the $9.3bn debt racked up by Bulgaria's former communist regime in the 1980s. Final terms are to be agreed by June.

As with Poland, which reached a London Club agreement earlier this month, settlement of the debt is vital if Bulgaria is to complete its transition to a market ecooomy and take full advantage of the EU association agreement signed last year.

Since March 1990, when Bulgaria unilaterally declared a debt moratorium, the country has been cut off from western commercial financing. Foreign investment totalled only $220m by the end of 1993, a fraction of that in otber former Soviet bloc states. As a result the government in Sofia has been dependent on international institutions, such as the IMF, World Bank and European Bank for Reconstruction and Development.

The onus is now on Sofia to follow through with its pledges to the IMF and World Bank to speed up reform and keep the debt negotiations on track. Parliament has already passed a tough budget which limits the 1994 deficit to 6.7 per cent of gross domestic product.

However, to reach this deficit target the government oeeds to improve tax collection and successfully implement a new 18 per cent value added tax which is being introduced oo April 1.

A shortfall in tax revenues contributed to a budget deficit of 11 per cent of GDP last year.

The government has also taken steps to refinance $2.4bn of bad loans to state enterprises made by banks before 1991. Earlier this month, it issued its first bonds to convert enterprise dabt into government debt.

The aim is to make companies easier to privatise and strengtheo tbe banking system. But IMF and World Bank officials in Sofia say greater political will is needed to move ahead with reform and speed up the pace of privatisation and restructuring.

The country is still without a bankruptcy law and only a few, mainly small companies, have been closed down.

Officials fear that unless financial discipline in the enterprise sector is tightened, state companies will continue to run up debts to banks and to eacb other. Privatisation bas been equally slow. Two years after the passing of a privatisation law which eovisaged the sale of more than 3,000 companies, tbe ageocy respoosible for selling medium-sized and large companies has completed less than 20 transactions and ministries have sold only 200 small businesses.

A mass privatisatioo scheme, conceived 10 months ago to relaunch the process and widen the population's participation in privatisatioo, has nc got past a second reading i parliament. Western advisei say there is still oo consensu over technical details of tb scheme within the governmer which is a weak, noo-partisa coalition backed by the Bulga: ian Socialist party, the forme communist party and the sma ethnic Turk party.

The lack of consensus is i part due to conflicts ove reform between conservative and economic liberals in th governmeot and in the BSP.

It is also widely believed tha powerful members of the fo: mer communist *nomenklatur* are blocking privatisatio while they strip state comp: oies of their valuable asset and positioo themselves t beoefit personally from privat sation.

The government's politica weakness bas been exacei bated by tbe poor health of M Lyuben Berov, the prime mii ister and architect of the mas privatisation scbeme.

Mr Berov, 68, underwen emergency beart surgery tw weeks ago and is unlikely t return to work for severa weeks, if at all.

The fear is that his illnes will cause a political crisis an trigger early elections whic would further delay economi reform.

Bulgaria: major economic indicators

	1989	1990	1991	1992	1993
Real economic growth (%)	-1.9	-9.1	-11.7	-7.7	* -5.0
Industrial production § †	-1.1	-17.5	-27.8	-16.1	* -9.0
Consumer prices §	6.4	26.3	334.0	85.0	(Aug)71.0
Unemployment rate (%) ♠	0.0	1.6	10.5	15.2	(Oct)15.9

§ % change over previous year. † Excluding private sector. ♠ At end of period. * Estimate

Balkans leaders visit London

Mr Zhelyu Zhelev, the Bulgarian president and Mr Sali Berisha, the president of Albania, today hold separate talks in London with Mr John Major, the Britisb prime minister and Mr Douglas Hurd, the foreign secretary, writes Anthony Robinson.

The Balkan situation, and ways of preventing the Yogoslav imbroglio spilling over into a wider Balkan war will be high oo the agenda. Bulgaria has been particularly hard hit by the UN trade embargo on Serbia and the difficulty of ensuring transit rights needed for access to western markets. Both countries are concerned about the the fate of ethnic Albanians in Kosovo and ethnic tensions in the former Yugoslav republic of Macedonia, which in the past have led to conflicts involving both Greece and Turkey as well as Bulgaria.

Both presidents will also seek to drum up the interest of UK investors at separate conferences organised by the Confederatioo of British industry and will give details of their economic reform and foreign policies in talks at the Royal Institute of International Affairs. Last week Rover, recently taken over by BMW, announced a car and van assembly plant investment in Bulgaria, which is a growing exporter of wine to the UK.

Resumption of withdrawal talks likely

Hebron security pact could be sealed today

By Mark Nicholson in Cairo and David Horowitz in Jerusalem

Israeli and Palestinian officials could seal agreement by today on security measures to protect Palestiniaos in Hebroo, they said yesterday. This should lead to the immediate resumption of suspended talks on Israeli withdrawal from Gaza and Jericho.

Palestine Liberation Organisation and Israeli officials are due to meet in Cairo to resume talks on security in Hebron interrupted last Friday for the Jewish Passover. Both sides indicated they were near agreement on implementing UN Resolution 904 which calls for international observers in Hebrou and early deployment of Palestinian police in the West Bank town.

Mr Nabill Shaath, chief PLO negotiator, said the two sides bad "gone a long and important way" in the talks and only "some points" remained at issue. PLO officials in Tunis said the differences were over the precise number of international observers and Palestinian police to be deployed in Hebron, and some details of their jurisdiction and rules of deployment.

The Israelis want to limit the observer force to 60 officers, to be supplied by Norway, and the Palestinian force to a few dozen. The PLO is seeking 150 observers and 400 police. Mr Shaath sald the PLO was awaiting responses to its demands from Israel. "We are not going to discuss anything else until we finish this agreement," he sdded.

Mr Shimon Peres, Israeli foreign minister, said he expected agreement on the outstanding issues to be reached today; the two delegations could as soon as tomorrow resume full talks oo Israeli withdrawal from Gaza and Jericho. These talks were suspended by the PLO after the massacre in Hebron of more than 30 Palestinian worshippers on February 25.

Both sides are eager to return to full peace talks as soon as possible, and conclude implementation talks on tbe deal agreed last year in Washington. While PLO officials in Tunis sald tbey still boped Israeli withdrawal from Gaza and Jericho could begin as scheduled on April 13, Israeli officials have suggested the talks might need "s few weeks" to conclude agreement.

Mr Mustapha Natsche, Hebron's former mayor, reiterated Palestinian demands for the removal of 400 Jewish settlers from tbe town-centre, calling their withdrawal the "ideal solution". Other Palestinian leaders in the town sent a message to Mr Yassir Arafat, PLO chairman, urging him to refrain from resuming talks with tbe Israelis until and unless tbe settlers were removed.

Mr Peres and most of his cabinet colleagues have indicated they would back such s removal. Mr Peres said on Sunday night that "co-existence in Hebron is an impossibility". But Mr Yltzhak Rabin, Israell prime minister, remains implacably opposed to any sucb action. Hebron was relatively quiet yesterday, two days after the army lifted a curfew in the town. Only minor clashes were reported between Palestinians and Israeli troops.

Police remove a man ahot in yesterday'a attack on Zuln demonstrators Associated Press

ATTACK ON ZULU MARCH LEAVES 18 DEAD

Gunmen opened fire on several thousand Zulus marching in central Johannesburg yesterday, turning the Sonth African commercial capital into a bloodbath, Reuter reports from Johannesburg.

Police said 18 people, including two policemen, were killed and np to 25 wounded in the attack.

Mr Carl Niehans, African National Congress spokesman, said ANC security guards had fired at "gunmen" to disperse them as the Zulus marched past the ANC headquarters at Shell House in a protest against next month's all-race elections. "Several gunmen tried to gain access to the building," he said.

The ANC security guards fired warning shots into the air before shooting to disperse the crowd, he added. Police sealed off the building.

Mr Thabo Mbeki, ANC chairman, later said the government might have to declare a state of emergency to ensure South Africa's first all-race elections went ahead next month.

S Africa unveils steps to keep fiscal discipline

By Matthew Curtin in Johannesburg

South Africa yesterday unveiled temporary measures aimed at maintaining fiscal discipline in the country's public finances until a new government can draw up a budget after next month's first all-race elections.

The measures seek to maintain tha course set by the 1992-93 budget as well as meeting the fiscal and monetary policy requirements to which the multiparty Transitional Executive Council (TEC) agreed in a letter of intent it signed as a prerequisite for obtaining a $850m (£579m) loan from the International Monetary Fund in late 1993.

In a demonstration of the co-operation in South Africa's transition to democracy, the TEC and the Department of Finance unveiled the measures jointly. In the past, the annual budget had been presented to parliament in mid-March.

No new date has been set, but the 1994-95 budget is likely to be promulgated by a newly elected national assembly several months into the current fiscal year.

The TEC has decided to use existing legislation which allows government departments to spend 45 per cent of the previous year's budget allocation in the first four months of the new fiscal year, and 10 per cent a month thereafter up to a ceiling equal to the previous year's allocation.

Mr Estian Calitz, director-general of the Department of Finance, said this mechanism allowed for redistribution of expenditure within departments as long as overall government spending did not exceed these limits.

Total government spending is projected to rise by 8.3 per cent to R124.8bn (£24bn) in 1994-95 from R115.2bn the previous year, a small decline in real terms.

South Africa's inflation rate averaged 9.7 per cent in calendar 1993; latest figures released yesterday showed the February figure unchanged from January's 9.9 per cent.

Revenne waa projected to climb faster to R98.7bn from R90.1bn, to produce a lower deficit as a percentage of gross domestic product of 6.4 per cent, against 6.8 per cent in 1992-93.

Considering the projections were based on an unchanged tax regime and included estimates of one-off costs such as financing tbe election, the "underlying deficit" was closer to the 6 per cent target identified in the letter of intent to the IMF, Mr Calitz stressed.

Mr Tito Mbowenl, African National Congress representative on the TEC's finance subcouncll, said the presentation of budgetary guidelines and a fiscal overview of the economy "underscored the management of the transition process".

The presentation was made to tbe National Economic Forum, representing government, business and organised labour, as well as representatives of local financial institutions.

"A balance has had to be found between two imperatives," Mr Mbowenl said. The transitional administration had to ensure continuity of services and sound fiscal management through the interim period, while taking into account the "new policies and priorities" a new government would want to address in its first budget.

Singapore PM eases Burma's isolation

By Victor Mallet

Mr Goh Chok Tong, prime minister of Singapore, arrived in Burma yesterday for a rare visit to the country by the head of a foreign government. It will bolster the fortunes of the military junta while antagonising Burmese opposition gronps and western human rights activists.

Mr Gob, accompanied by two dozen businessmen, is the first bead of government – apart from the prime minister of Laos – to visit Burma since the armed forces crushed a pro-democracy nprising and killed hundreds of demonstrators in 1988.

Singapore is one of the main foreign investors in Burma. It sells weapons to the junta and has taken the lead in seeking improved contacts between Burma and the rest of south-east Asia. Burma, also known as Myanmar, is expected to be invited by Thailand to attend July's meeting of the Association of South East Aslan Nations (Asean) in Bangkok.

The Singapore prime minister's visit is "to promote Myanmar-Singapore relations in the context of Asean's policy of constructive engagement with Myanmar," Mr Gob's office said.

The US adminiatration wants to put pressure on Burma's generals to begin negotiations with Ms Aung San Suu Kyi, the detained opposition leader, and is planning to ask arms exporters to stop supplying weapons to Burma.

Singapore would be unwilling to comply with tbe reqnest. As well as selling weapons, Singaporean companies give advice on small arms manufacturing and use Burmese territory to test their military products, according to residents of Rangoon.

Asian governments say that investment in Burma and dialogue with the junta will belp the Burmese people, whereas isolation would only harden the attitudes of the regime; after years of stagnation, the economy is now growing by about 5 per cent annually.

Opposition leaders, however, resent the close ties between the Burmese, Singaporean, Thai and other governments.

"Constructive engagement is not constructive," said one politician from Ms Sun Kyi's National League for Democracy party in Rangoon recently. "It's destructive opportunism. We are in a time of trouble, and when the government is oppressing its own people, they shouldn't do it."

Sri Lanka poll snub for ruling party

By Mervyn de Silva in Colombo

Sri Lanka's ruling United National party has been thrown into turmoil by its first big electoral defeat in 17 years.

The party, which is preparing for a presidential election later this year and a general election in early 1995, was heavily defeated late last week in provincial council polls in the island's southern province. The party won just 23 seats, against 32 for the opposition Sri Lanka Freedom party led hy Mrs Sirimavo Bandaranaike.

The result was widely seen in Colombo as a vote against the policies of President D B Wijetunga, who took power last year after the assassination of President Ranasinge Premadasa. Mr Wijetunga has championed s bard-line approach to the Tamil Tigers, separatist guerrillas in the north of the island who want to create an independent homeland for the country's Tamil minority.

The pursuit of the Tigers suffered a setback last November when the militants stormed an army base in the north, killing at least 200 soldiers and capturing much valuable equipment.

While Mr Premadasa also pursued the Tamil Tigers vigorously, he softened his attack with a broad-based political appeal to moderate Tamils and to other minorities, including Moslems and tea plantation workers of Indian Tamil origin. A populist at beart, he used poverty-alleviation and public housing programmes to help win hearts - and votes.

Unlike Mr Premadasa, who came from a poor background, Mr Wijetunga comes from an élite social group – the Kandyans. He has adopted a more condescending attitude to the minorities, saying they must regard the Sinhala majority as "the great tree" on which other communities hang like "creepers".

Mr Wijetunga has also been less assiduous in cultivating Mr S Thondaman, the only Tamil minister and a powerful trade unionist, wbom Mr Premadasa made a point of favouring.

Mr Premadasa's popularity enabled the government to pusb through sn economic restructuring programme supported by the IMF, which included privatisation and austerity measures. Tbe poll defeat may lead Mr Wijentunga to adopt more popular economic policies, possibly including spending increases.

Japan steel output set to hit 23-year low

By Emiko Terazono in Tokyo

Japan's crude steel output, a leading indicator of industrial activity, is expected to hit a 23-year low for the April-June quarter, reflecting weak exports and sluggish demand from manufacturers and the construction industry.

The Ministry of International Trade and Industry forecast output for the first quarter of the next business year, at 22.4m tonnes, the lowest since 1971. The figure is down 14.7 per cent from the previous year and down 0.1 per cent from the preceding quarter.

The gloomy estimates follow the recent spate of strong economic data which many private economists believe indicates the country's economy has hit bottom.

"All the good stories are overdone," Mr Richard Werner, chief economist at brokers Jardine Fleming Securities in Tokyo, said. He predicted economic figures to be announced during May and June were likely to reflect a still sluggish economy.

The ministry said crude steel production for the year ending March 31 would fall below 100m tonnes for the second consecutive year to an estimated 97m tonnes, down 1.9 per cent from the previous year.

However, analysts expecting a recovery this year led by consumer spending were comforted by household spending figures for January announced yesterday.

These indicated a year-on-year rise for the fourth consecutive month. According to the Management and Co-ordination Agency, household spending in January increased 2.7 per cent in real terms from a year earlier.

Spending by salaried workers grew a net 0.6 per cent for the first time in nine months, while spending by households of the self-employed surged 6 per cent.

Expenditure on education rose 16.9 per cent and housing spending rose 14.2 per cent; medical-care spending fell 3 per cent.

Mr Morihiro Hosokawa, Japan's embattled prime minister, ended a series of political reverses yesterday after his coalition squeaked to a local poll victory, Reuter reports from Tokyo.

In Sunday's poll for governor of Ishikawa Prefecture, the coalition candidate narrowly defeated the opposition Liberal Democratic party by about 1.6 per cent. The triumph in the north-western coastal province was expected to fuel Mr Hosokawa's drive to bring together the seven disparate parties into one reformist group to keep the LDP out of power.

It was the first local poll to pit the combined parties in the coalition against the LDP since last July's general election brought Mr Hosokawa to power and pushed the LDP out of government for the first time in nearly four decades.

"This election was a choice of whether or not to drive ahead reforms under the coalition government," Mr Hosokawa said. "Voters made a clear choice. We shall forge ahead with reform and strengthen the coalition's unity."

Willis limbers up for bout over Australia's budget

Nikki Tait looks at the open season for economic plans

April may prove to be the cruellest month for Mr Ralph Willis, Australia's new treasurer.

Between now and early May, he must negotiate a budget which wins the backing of two minor parties, both working to fairly radical tax and social reform agendas, and yet keeps the Australian economy and the government's ambitious deficit reduction plan on course.

This consultative budget process is the bequest of Mr John Dawkins, Mr Willis' successor, who bowed out of political life in December. Only hours before his unexpected resignation, the former treasurer completed a new system bringing forward Australia's budget date from late summer to May 10 and introducing specific pre- and post-budget negotiation periods.

The Dawkins plan was a recognition of the difficulties facing Mr Paul Keating's Labor government in the Senate. Since the government lacks an outright majority in the upper house, it depends on the support of the Green party, the Australian Democrats, and one independent senator to get its measures passed.

The inherent dangers became evident last summer when the minor parties baulked at tax proposals contained in the 1993-94 budget. For two months the finance bills were stalled. International investors, aware that a prolonged impasse could prompt a dissolution of parliament, took fright and the currency fell sharply.

The new discursive approach was Mr Dawkins' way of preventing similar debacles, and it is Mr Willis who must put the process into action. Already, he has hit some hurdles. The minor parties prevaricated over their participation in the process and having decided they would, they duly presented lists of desired changes.

The Democrats want a "tax and spend" package. Extra revenue measures would include a minimum company tax rate of 20 per cent; a more progressive income tax system so that those earning over A$70,000 (£33,500) would pay a marginal rate of 51 per cent and face a higher Medicare levy; and a 20.4 per cent withholding tax on interest payments.

These revenues would then fund a near A$5bn increase in expenditures, with much of the money going on social programmes – providing work for the long-term unemployed, for example – and on infrastructure projects.

In many respects, the package dovetails with the demands of the Labor party caucus and with those of the powerful union movement. This seems to ensure some support within Labor's own ranks. The package also includes some corporate "carrots" which might appeal to smaller businesses.

The two Green senators are more radical still. They question the desirability of pursuing economic growth at all. "There are very strong arguments that in high-income countries such as Australia, economic growth does not contribute to improved quality of life," they suggest.

This philosophical difference aside, the Greens' package has similarities with that of the Democrats – namely, higher taxes on top earners, a corporate tax floor, and a carbon-based energy tax.

Mr Willis, perhaps wisely, has offered only sketchy information on the budget plans and has committed himself to little beyond his predecessor's deficit reduction targets.

According to four-page "fiscal framework" document which set off the negotiation process, the aim is to have the 1994-95 deficit stand at just under 3 per cent of gross domestic product. Priority measures will include help for the long-term unemployed, industry and regional development and implementation of the Native Title legislation.

Government ministers have also played down the imposition of new taxes, although failing to rule out the possibility.

It is true that Australia's strong economic performance in the last quarter of 1993 would seem to provide Mr Willis with some latitude. But government critics note significant lingering weaknesses. The 4 per cent GDP growth last year was largely due to an uptick in personal consumption, the continuing surge in housing expenditure, and a strong export performance. Business investment, by contrast, was flat in the final quarter and down by more than 12 per cent year-on-year.

With the need to ensure that growth picks up steadily and does not result in a sudden import surge, the treasurer cannot afford measures which risk either price stability or the low interest rate regime.

The big question, then, is how hard the minor parties will push the demands – and what sticks the government can wield to keep their demands in check. Already, Mr Keating has lashed out at the "unrepresentative" nature of the Senate, and talked of changing the system by which senators are elected. (It is currently a proportional representation system based on the country's individual states.).

Such a move would be highly contentious, particularly since the Democrats are generally judged to have used their marginal power astutely. But such threats intensify pressure on the minor parties. It is heady mixture of bluff and bluster, and is likely to dominate Canberra for several months.

April is likely to be cruellest month for Treasurer Ralph Willis

Beijing agrees industrial pact with S Koreans

By John Burton in Seoul

South Korea and China yesterday agreed to co-operate in the development and production of cars, aircraft, telecommunications equipment and high-definition television under an industrial pact signed during President Kim Young-sam's visit to Beijing.

South Korea has been eagerly seeking Chinese economic co-operation, believing that China's abundant and cheap labour, natural resources and technology complement Korea's strengths in finance and production methods.

The combined resources of the two nations "will produce great results," Mr Kim said.

Korean officials believe industrial links will help open up the large Chinese market to Korean products and gain Chinese support for the marketing of jointly produced high-technology products in other developing countries.

A main area of co-operation will be the aircraft sector. Seoul plans to finance the development of a 100-seat airliner by the year 2000 that will use Chinese aerospace technology, which is considered more advanced than Korea's. Samsung and Daewoo have already signed preliminary agreements with Aviation Industries of China.

The aircraft project is to take advantage of an expected increase in demand for regional airliners in the two countries in the next decade.

The agreement on car production will open the way for Korea's three main motor companies – Hyundai, Kia and Daewoo – to establish joint venture production facilities in China within two to three years.

The Korean car companies view China as an inexpensive manufacturing site and a potentially large market for vehicles. Korean carmakers will initially have to produce automotive parts with Chinese partners before being permitted to assemble vehicles.

In telecommunications, South Korea will adapt versions of its TDX automatic telephone exchange system for both rural and urban networks in China.

The two nations also plan joint development of HDTV, facsimile machines and large colour television sets.

Co-operation in the four technology sectors will be supervised by a new bilateral industrial committee, which may eventually promote links in other areas, such as nuclear power generation and satellite development.

South Korea is also seeking orders from China's ambitious

Seoul sees 'great results' from combined resources of the two nations

infrastructure project; it promised $40m (£27.3m) in economic aid for the programme. Korean companies are hoping to win construction orders for electric power facilities and also plan to manage and operate existing nuclear power plants in China.

President Kim asked China to improve laws to protect foreign investment, which has been a source of concern for Korean manufacturers.

● The German airline Lufthansa said yesterday it would train 76 Chinese air force pilots at its flying school in the US to become commercial pilots, Reuter reports from Hong Kong.

The Chinese pilots will join Air China, one of seven regional airlines that emerged from the breakup of the Civil Aviation Administration of China.

Demand for air travel in China is so great that the country needs to train thousands of new pilots in the next few years.

It has one of the world's worst air safety records.

Congress budget office puts the squeeze on Nasa

By George Graham in Washington

US space officials breathed a sigh of relief when Congress last year spared the life of the space station by a single vote.

Their hopes that the vote would be the last hurdle for the redesigned station are, however, turning out to have been premature.

Fitting the space station into the overall budget of the National Aeronautics and Space Administration is once again proving to be a hard task.

The Congressional Budget Office, Congress's independent fiscal watchdog, warned last week that Nasa faces certain failure in its efforts to fund the space station within a budget that has been trimmed to $14.3bn for next fiscal year and is scheduled to stay below $14.6bn until the end of the century.

"The attempt to fit e programme that was projected to cost more than $20bn a year in the late 1990s into an annual hudget of $14bn risks delay, missioo failure and the loss of anticipated benefits," the budget office said.

The office suggested that Nasa could live on a $14.3hn budget if it concentrated only on manned space flight, including the space station and planning for eventual piloted missions to the moon and Mars.

That would mean slashing back astronomy and physics missions, including the Hubble space telescope and the planned Earth Observation System.

Alternatively, the budget office suggested an $11hn-a-year programme that would still conduct four shuttle flights a year, but concentrate on robot missions, eliminating the space station and moon projects.

Mr Daniel Goldin, Nasa's head, slammed the budget office report as "defeatist," saying it would destroy the essential balance between space flight, science and aeronautics in the agency's missions.

But even some staunch Nasa supporters in Congress have been pushed to the brink.

Congressman George Brown of California, chairman of the House of Representatives science, space and technology committee, warned that the space programme was "in serious trouble".

He warned that if Nasa's budget were cut any further below the $14.3bn sought by the administration, he would be compelled to vote against the space station.

Mr Brown is also concerned that the new space station plans may depend too much on a contribution from Russia.

"I'm in favour of co-operating with the Russians. But I don't favour co-operating with them to the extent that they could endanger the whole project by failing to meet their commitments," he said.

European partners in the space station, meanwhile, are extremely hesitant about committing more resources to the project, because of the repeated changes in US plans.

"European confidence in the US-led space station is at an all-time low," Congressman James Sensenhrenner, the senior Republican spokesman on space issues, said after a tour of European space centres.

Argentina pensions squall blows up

By John Barham in Buenos Aires

The president of Argentina's securities commission has refused to accept government demands that he resign after criticising e proposal by the US investment banks CS First Boston and Merrill Lynch to handle shere sales for the country's pensioners.

Mr Martin Redrado, president of the CNV securities commissioo, said a proposal by the two companies to sell an estimated $720m worth of shares in YPF, the privatised oil company, was against the interests of the pensioners. "I em oot resigniog," Mr Redrado said yesterday. "I am defending disclosure and protecting investors and the independence a regulator needs to have in a credible market."

His tenure is guaranteed by law until 1996, he added, and challenged the government to remove him. Charges proposed by the two banks, 3.75 per cent commission plus e 50 cent discount on the YPF share price in New York, were excessive, Mr Redrado declared. He demanded the pensioners should be be offered a better deal.

An economy ministry official said: "Redrado should [respect] government policies. Someone who does not agree with the government's policies should leave." Neither First Boston oor Merrill Lynch would comment on the issue.

Merrill Lynch and First Boston underwrote the $3.04hn sale of 45 per cent of YPF in last year's privatisation.

As part of the privatisation, pensioners were offered an option of swepping government bonds into YPF stock but were required to retain the shares for at least one year.

Ahont 96,000 pensioners hold 30m YPF shares with a market value of $720m. As part the privatisation, Merrill Lynch and First Boston retain the right of first refusal in handling the transaction.

The Redrado affair has come as a great embarrassment for the government.

Colosio plot rumours grow in Mexico

By Damian Fraser in Mexico City

Speculation is mounting in the Mexican press that last week's murder of leading presidential candidate Mr Luis Donaldo Colosio was planned by subversive organisations or even hard-line members of his own party.

"Colosio, victim of a plot" was the front page headline in yesterday's El Universal newspaper. The newspaper offered little in the way of conclusive evidence to support the story.

El Universal based its headline on reports, confirmed by a government official, that Mr Tranquilino Sanchez Vega, a security guard hired by the ruling Institutional Revolutionary party in Tijuana, the scene of the murder, had been detained for questioning. Mr Sanchez was held after photographs appeared indicating he might have helped the assassin gain access to Mr Colosio.

The photographs are anything but conclusive. The report, along with suggestions Mr Colosio may have been shot with two guns, and not with one as the attorney-general has reported, were enough to spark off a new round of rumours. El Universal, a respected broadsheet, is usually supportive of the government.

A government official denied Mr Colosio was killed by more than one person, and said scores of witnesses believed there had been just one assassin. He said Mr Sanchez had no link with official security for Mr Colosio and was hired by local PRI officials to cootrol crowds.

Mexico has been ewash with rumours that Mr Colosio was murdered by his enemies or those who stood to gain from his removal ever since Wednesday's assassination. Evidence to support the conspiracy theory is thin, hut widespread lack of trust in the government and police has allowed the rumours to gain curreocy.

One theory is Mr Mario Ahurto, Mr Colosio's confessed assassin, is linked to subversive groups. Ms Graciei Gonzalez, Mr Aburto's 16-year-old girlfriend, told authorities, according to El Universal, that Mr Aburto had spent several weeks in the southern state of Chiapas before and after the New Year armed uprising there, and was sympathetic to the Zapatista rebels.

An alternative view, subscribed to hy the Zapatistas, is that the murder was planned hy so-called dinosaurs (hardliners agoinst democratic reforms) in the PRI who oppose the reformist wing to the party represented by Mr Colosio.

Mondale reassures Japanese

By Emiko Terazono in Tokyo

Mr Walter Mondale, US ambassador to Japan, yesterday attempted to quell Japaoese anxiety over the shooting of two Japanese college students in a Los Angeles suburb over the weekend. The two died on Sunday.

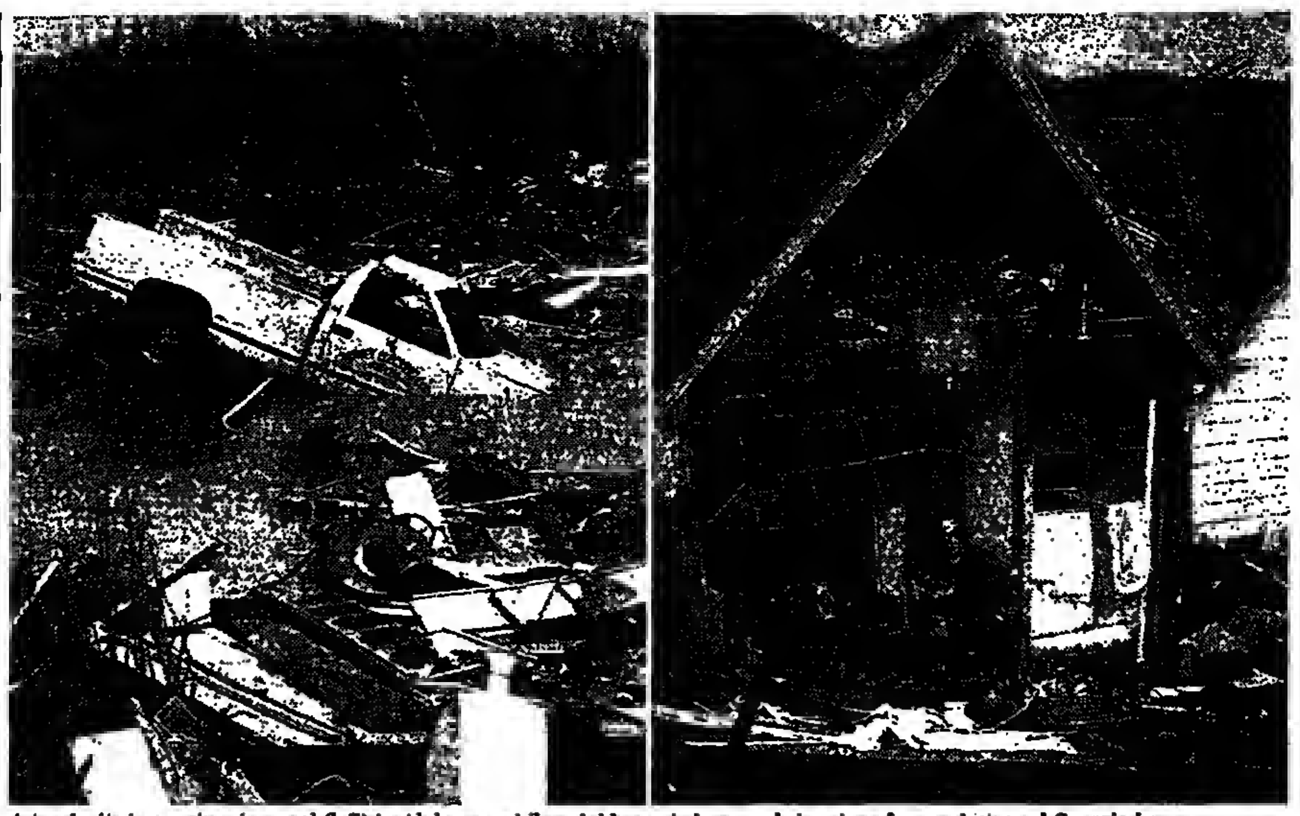
Mr Takume Ito and Mr Go Matsuura, a Jepanese American, were each shot io the head hy a gunman during e car hijacking outside e supermarket last Friday.

The shootings, the latest incideots of violence involving Japanese in the US, heve sparked a pnhlic ontcry in Jepan. In October 1992 e 16-year-old exchange student was shot dead after going to the wrong house looking for a Hallowe'en party.

Over 3m Japanese travel to the US every year, inclnding 50,000 who go there to study in American schools. Mr Mondale said he hoped the incident would not discourage Japanese from visiting the US.

"Most everyone lives a safe and fulfilling life in the United States and ere untonched hy such horrihle criminal behaviour."

He said the recent killings were tragic from every standpoint, inclnding the fact that they gave an "entirely distorted picture of life in the US," adding that violent incidents had never happened to him although be had lived and travelled extensively around the country.



A truck sits in e swimming pool (left) in Alabama, while neighbours help move belongings from a destroyed Georgia house AP

Storms kill 42 in southern states

A series of tornadoes and violent thunderstorms that ripped through five southern states killed et least 42 people, injured some 250 and damaged scores of rural communities, officials said yesterday, Reuter reports from Atlanta.

The worst death toll was in the north-east Alabama town of Piedmont, where a tornado slammed into the Goshen United Methodist Church during a Palm Sunday service, devastating the hrick structure with about 140 worshippers inside.

Authorities said 19 people died from injuries received when the church's roof collapsed.

Another man died along a highway near the church when the tornado ripped a telephone pole from the ground and drove it through his van.

Police reported two other deaths in Alabama, including a woman who died along the Coosa River near the town of Ragland, where e tornado destroyed several houses and mobile homes and severely damaged another church.

Another 16 people died in Georgia and more than 100 were injured in severe storms and tornadoes which blasted several rural communities on Sunday afternoon.

By yesterday morning an estimated 7,000 people were still without power in northern sections of the state. Thirteen shelters had been opened to care for the homeless, while ntility workers struggled with broken power lines and washed-out roads.

Georgia Governor Zell Miller, who pledged to visit the hardest hit areas of his state by helicopter yesterday, said that he would request federal assistance for storm victims.

Brussels challenges Bonn over telecoms

By Guy de Jonquières in London and Nancy Dunne in Washington

The European Commission has increased pressure oo Bonn to stop dealiog bilaterally witb the US on the opening of the German telecommunications market, by formally challenging Germany's legal compliance with the EU's directive oo public procurement.

The challenge is spelled out in a letter sent last week to Mr Gunter Rexrodt, the German economics minister, by Sir Leon Brittan and Mr Raniero Vanni d'Archirafi, the trade and internal market commissiooers.

The letter questions wbether the four-year-old directive has been fully enacted in German law and asks Mr Rexrodt for swift clarification. Brussels officials said that if they received no satisfactory reply by early next month, they would consider starting legal action against Germany for failure to meet EU obligations.

Economics ministry officials in Bonn said they boped to settle amicably their differences with the commission. These were sparked when the US dropped trade eanctions against Germany last month, after Bonn indicated it would not apply Article 29 of the EU public procurement directive.

This gives European bidders for public contracts a 3 per cent price preference and allows tenders with less than 50 per cent local content to be ignored. The US and Germany say the directive is overridden by a 1954 "friendship agreement" between them, but Brussels suspects Washington of using the issue to undermine EU cohesion.

The Commission's tougber stance coincides with growing aigns that the fate of separate US and EU negotiations on liberalising public procurement may hinge on talks at next month's ministerial meeting of the General Agreement on Tariffs and Trade in Marrakesh.

Though talks in Washington last week achieved some progress, stalemate persists over EU demands that the US repeal Buy American laws in exchange for opening European telecommunications and power equipment markets fully to US bidders.

Nonetheless, tbere appears to be growing optimism in Brussels that the EU has wrested the initiative in the negotiations – and some useful concessions – from the US, wbere trade officials sound increasingly defensive.

Among the concessions is an offer by Washington to raise from 24 to 36 the number of states ready to open public procurement to international competition.

"The EU has been waging this continued attack on the wbole range of US preference programmes," a US trade negotiator said yesterday.

EU confidence has also been buoyed by US acceptance of a receot jointly-commissioned study by consultants Touche Ross. It found, contrary to earlier US claims, that the dollar value of the two sides' offers to liberalise procurement markets is broadly in balance.

The bilateral talks are due to resume in Brussels next week.

Row over worker rights feared

By Frances Williams in Geneva

The US and developing countries were yesterday on a collision course over Washington's demand for worker rights to go on the agenda for world trade talks.

After again failing to win support for their cause at a meeting of top trade negotiators in Geneva, US officials said they would continue to press the issue when ministers from more than 120 nations meet next month in Marrakesh to sign the Uruguay Round trade accords. This, many countries fear, could lead to a full-scale row at a meeting intended to underscore harmony and set the tone for increased global economic co-operation.

The US wants wording in the draft ministerial declaration urging the new World Trade Organisation, which will succeed Gatt next year, to give "early consideration" to the relationship between "interuationally recognised labour standards" and the world trading system.

Barring a sudden change of heart before tomorrow, when negotiators meet formally to approve the Marrakesh documents, there will be no agreed declaration for endorsement by ministers. Washington is also blocking approval of a draft decision setting np a WTO preparatory committee nnless the committee is empowered to discuss worker rights and otber new issues.

Speaking yesterday on behalf of the informal group of developing countries, Mr Luiz Felipe Lampreia, Brazil's Gatt ambassador, rejected the US move as "not acceptable". Labour standards were a matter for individual governments; attempts to link them to trade could result in protectionist measures which would jeopardise rather than enhance efforts to raise wages and social conditions.

Even those sympathetic to the US cause have refused to back it over the ministerial declaration, preferring a less confrontational approach.

Coded warning to pirates

Michael Skapinker on plans to curb counterfeit CDs

On e trip to Dubai earlier this year, Mr Mike Edwards went ehopping for counterfeit compact discs.

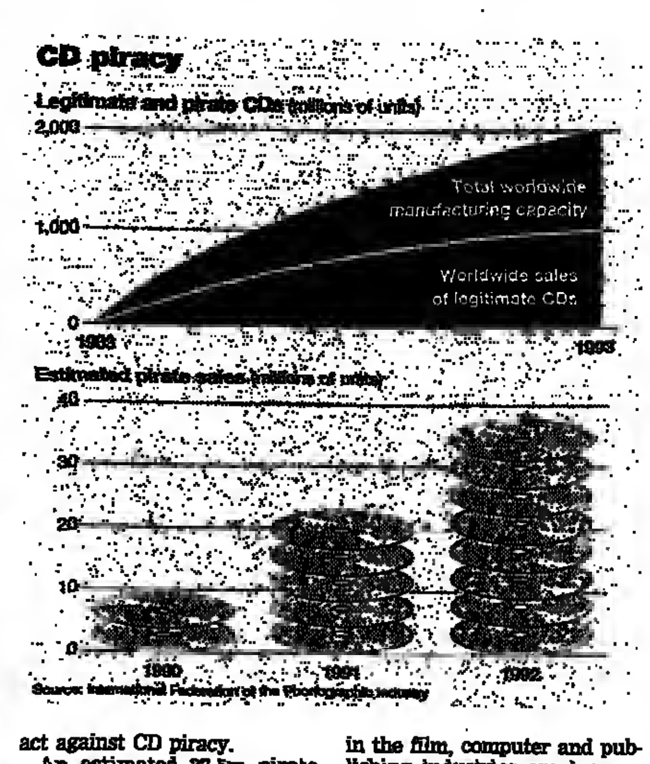
Mr Edwards, operations director of the International Federation of the Pbonographic Industry, picked up pirate CDs by Elton John, Guns N' Roses and Bryan Adams. He believes the counterfeiter was based in Taiwan and that the CDs were made in China. The IFPI, along with Philips, the Dutch electronics group, has proposed that all legitimate CD factories mark their products with a code in an attempt to track down the pirates. Tbe four-digit code would tell customs officers where the CD was manufactured.

The IFPI, which represents music companies worldwide, has long complained about pirate recordings of cassettes. Counterfeit cassettes were, however, usually of low quality and easy to identify whereas pirate CDs are as good as the original.

The counterfeiting of CDs has been made easier by the growth in the number of manufacturing facilities.

The IFPI says there are 209 compact disc factories worldwide, with a combined annual production capacity of 2bn CDs. This is twice the number of legitimate CDa sold last year.

In China, wbere the IFPI believes a sizeable proportion of counterfeit manufacturing occurs, there are 26 CD plants. Two years ago, there were three. The US has been pressing the Chinese authorities to crack down on all forms of commercial piracy and the IFPI says it has received assurances from China that it will act against CD piracy.



An estimated 37.5m pirate CDs were sold worldwide in 1992, 50 per cent up on 1991 while the IFPI believes last year's increase was even bigger. Pirate CDs generally sell at the same price as legitimate discs and the industry estimates that it lost more than $400m in 1992 through CD piracy.

Unlike cassette pirates, who often confine their activities to their own countries, CD counterfeiting crosses national borders. A CD pirate in one country can order from a factory in a second and have the products shipped to a third without ever taking physical possession of the CDs.

Mr Edwards says companies in the film, computer and publishing industries are increasingly turning to CD technology as a vehicle for their products and they too will fall victim to piracy.

He says: "The CD counterfeiting problem is growing. We are sitting on a time bomb which could stop the multimedia revolution dead in its tracks. The record industry will not be the only casualty. Computer software, movies, video games, books – all of these are under threat."

The codes which the music industry hopes will limit piracy are allocated by Philips, which holds several of the patent rights for the CD manufacturing process. The IFPI says close to 40 factories worldwide have so far been allocated codes known as Source Identification Codes.

The factories place the codes on the reflective inner ring on the underside of the CD. Ms Funkazi Koroye-Crooks, an IFPI legal adviser, says the code's positton was cbosen because it is difficult to place without interfering with tbe other data held on the CD and it requires expertise on the part of the manufacturer.

Each production line in a CD factory has its own code engraved on the mould to identify the origin of the master recording and where the CD was manufactured.

Ms Koroye-Crooks admits there is nothing to stop a factory engraving another plant's code on its mould and that the cost of doing so is only between £80 and £300 per mould, even though it takes some time to adapt the production equipment.

Ms Koroye-Crooks believes it is more likely that counterfeit manufacturers will leave the code off CDs altogether. Even plants with legitimate codes could keep one unengraved mould for counterfeiting purposes.

For this reason, the IFPI says that the code needs to be backed by legislative action. Ideally, this would take the form of an international treaty sponsored by the World Intellectual Property Organisation, a United Nations agency.

Even in the absence of such a treaty, the IFPI says the US and the European Union could take effective action to limit CD piracy. If they were to make it illegal to manufacture imported discs which did not carry the code, this would close off 60 per cent of the world market to pirated CDs.

Car groups open door to foreign purchases

By Paul Abrahams

Japan's biggest car companies committed themselves yesterday to increasing output overseas, lifting local content of vehicles made abroad and importing more foreign components for domestic manufacture. Three groups now have unveiled schemes and two more are expected to do so soon.

Tbe programmes already announced sbould raise imports by up to $4bn a year by 1997. They are designed to belp reduce US-Japan trade tension. Tbe voluntary measures follow sustained pressure from Washington on Japan to reduce its record trade surplus. The Japanese government has insisted it was unable to influence private sector decisions.

Toyota, Japan's biggest vehicle group, said it planned to double overseas output by the end of 1996 from 890,000 vehicles in 1993. This would include doubling capacity at its US plant to 400,000 units, and from 37,000 in 1993 to 100,000 units this year in the UK.

The company said it expected to increase the value of overseas parts and materials used by the group worldwide from $6.3bn in 1992 to $9.7bn by 1997. It also expected to raise the level of US parts from $4.43bn in the 1992 financial year to $6.45bn in 1996.

Mitsubishi said it would reduce the number of cars made in Japan for export from 600,000 in 1993 to 550,000 in 1997. Local content of its Illinois plant would increase from about 70 per cent currently to more than 80 per cent in 1996.

The group said it hoped to increase the value of local parts used at its US factory from $650m to up to $1.63bn by 1996. But it said the target was achievable only if US suppliers became more competitive and if the group could raise production from 140,000 vehicles in 1993 to 210,000 units in 1996. It hoped to increase imports of foreign parts from $680m in 1993 to $870m in 1996.

Last week Nissan announced it would increase purchases of US parts from $3.7bn in the financial year to March 1995 to $4.3bn in the year to March 1998. Similar undertakings are expected from Honda and Mazda by the end of the week.

India approves US computer ventures

India has allowed the US-based Sprint International and SPSS to set up local ventures, a government statement said, Reuter reports from New Delhi.

It said Sprint would form a joint venture with the local RPG Group to develop software and provide electronic mail services in India.

The RPG group, among the largest Indian industrial conglomerates, has its main interests in tyres and power.

SPSS has been allowed to set up a 100 per cent subsidiary to manufacture and market its entire range of software presentation and data analysis products.

The US company plans to make India an export base for supplies to all south Asian countries. It will set up 10 regional support centres to provide technical support.

The two projects were among the 27 cleared by India's empowered committee on foreign investment.

The 27 projects, with investments of Rs1bn ($32m), have projected export earnings of Rs8bn over the next five years.

Britain's Stena Offshore, a global sub-sea contractor and unit of Sweden's privately-owned Stena AB, also won approval to set up a 100 per cent subsidiary.

INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

Yearly data for retail sales volume and industrial production plus all data for the vacancy rate indicator are in index form with 1985=100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate is shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values.

	UNITED STATES					JAPAN					GERMANY				
	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	7.1	100.0	102.4	100.0	100.0	2.6	100.0	97.2	100.0	100.0	7.1	100.0	105.1
1986	105.5	106.8	6.9	96.0	107.1	106.5	99.7	2.8	94.3	106.0	103.4	102.2	6.4	136.4	105.0
1987	108.4	106.0	6.1	105.5	108.2	113.8	103.1	2.8	106.8	115.2	107.4	102.6	6.2	149.4	106.1
1988	112.6	110.7	5.4	106.1	112.2	122.6	113.1	2.5	135.9	122.3	110.5	106.3	6.2	164.8	112.2
1989	115.8	112.4	5.2	99.3	110.6	132.5	119.7	2.2	147.0	125.2	114.1	111.4	5.6	218.7	115.1
1990	116.5	112.4	5.4	64.8	106.3	141.6	124.5	2.1	149.8	122.6	123.6	117.2	4.8	261.1	115.7
1991	114.2	110.3	6.6	62.2	111.7	144.6	126.8	2.1	144.2	120.8	130.5	120.8	4.2	270.7	112.9
1992	117.8	112.9	7.3	60.3	116.9	139.9	118.0	2.1	124.2	119.7	127.7	119.2	4.8	260.2	106.6
1993	123.9	117.6	6.7	65.3	122.8	132.0	113.6	2.5	106.0	126.2	122.4	111.0	5.6	198.6	113.6
1st qtr.1993	3.7	4.4	6.9	62.4	117.6	–5.9	–5.1	2.3	115.5	123.1	–4.7	–9.8	5.3	213.4	106.8
2nd qtr.1993	5.8	3.6	6.9	63.7	117.2	–6.0	–4.3	2.4	106.2	124.6	–3.9	–8.2	5.6	208.5	109.0
3rd qtr.1993	5.9	4.2	6.7	66.0	119.5	–5.1	–3.8	2.5	101.3	125.9	–2.2	–6.3	5.9	193.6	112.0
4th qtr.1993	5.9	4.3	6.4	69.4	122.8	–5.7	–4.8	2.7	101.0	126.2	–5.9	–2.9	6.3	175.5	113.6
March 1993	3.0	4.2	6.9	62.8	117.6	–8.2	–2.0	2.3	123.6	123.1	–2.0	–8.6	5.5	211.0	106.8
April	4.7	3.9	6.8	62.8	117.0	–6.3	–4.1	2.8	109.8	124.4	–2.2	–8.9	5.5	211.6	107.3
May	6.2	8.0	6.9	65.1	117.2	–4.8	–4.2	2.5	102.6	124.6	–5.8	–8.3	5.8	207.8	107.8
June	8.0	4.0	6.9	63.1	117.2	–8.0	–4.6	2.5	106.4	124.5	–3.6	–7.4	5.7	205.2	109.0
July	6.1	3.6	8.7	65.6	117.6	–5.8	–4.5	2.5	100.8	124.6	–3.8	–7.8	5.6	202.7	109.8
August	8.0	4.3	6.7	68.7	118.5	–4.1	–2.6	2.5	103.3	125.2	–0.8	–5.5	5.6	194.5	111.2
September	5.8	4.4	6.6	65.5	119.5	–5.5	–4.4	2.6	99.9	125.8	–1.8	–5.7	6.1	183.7	112.0
October	5.7	4.1	6.9	65.5	120.6	–5.2	–6.8	2.7	96.3	126.1	–3.8	–4.1	6.2	173.8	112.6
November	6.0	4.2	6.4	68.9	122.0	–7.3	–3.2	2.7	104.2	125.8	–5.1	–3.8	6.3	174.7	116.0
December	5.8	4.6	6.3	70.7	122.8	–4.6	–4.5	2.8	102.4	126.2	–8.6	–0.8	6.8	178.8	113.6
January 1994		4.9	6.6	07.4	122.7		–3.0	2.7		127.8	0.8	–0.2	6.4	167.9	114.2
February		4.7	6.4											196.9	

FRANCE					ITALY				UNITED KINGDOM					
Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	
100.0	100.0	10.3	100.0	102.0	100.0	100.0	9.8	103.7	100.0	100.0	11.2	100.0	102.3	1985
102.4	101.1	10.4	107.2	109.2	106.8	104.1	10.4	110.6	105.3	102.4	11.2	116.1	105.9	1986
104.5	109.1	10.5	117.7	108.6	112.1	106.8	10.9	112.7	110.7	106.5	10.3	141.2	110.4	1987
107.8	107.3	10.0	134.8	113.8	107.8	114.2	10.9	117.6	117.8	111.6	8.8	144.8	108.7	1988
109.5	111.3	8.4	161.1	113.5	116.9	116.7	10.8	115.6	120.1	114.0	7.2	124.7	109.3	1989
110.1	112.6	8.9	163.0	108.3	114.4	116.0	10.3	111.8	121.1	113.7	6.9	98.1	104.1	1990
109.7	113.2	9.4	127.7	109.8	111.0	115.4	8.8	114.5	119.8	109.2	8.7	68.9	108.0	1991
108.9	113.2	10.4	111.4	107.9	118.8	113.6	8.8	111.1	120.5	108.7	8.8	70.1	113.5	1992
109.4	109.9	11.7	89.8	110.8		110.7	10.2	121.3	124.7	111.5	10.3	77.3	122.0	1993
0.1	–3.3	11.1	96.6	108.2	1.8	–4.3	9.1	113.3	3.2	1.8	10.5	73.7	118.5	1st qtr.1993
1.1	–3.8	11.5	91.8	107.5		–4.0	10.7	114.6	3.0	2.7	10.3	74.8	116.9	2nd qtr.1993
0.9	–2.8	11.9	85.0	108.4		–1.2	10.3	118.5	3.8	2.6	10.4	77.4	120.3	3rd qtr.1993
0.0	–1.8	12.2	85.4	110.8		–0.4	10.7	121.3	3.6	3.1	10.0	84.0	122.0	4th qtr.1993
4.8	–2.6	11.3	98.0	108.2	0.7	–4.7	n.a.	113.3	4.0	1.6	10.4	75.0	116.5	1993 March
1.1	–4.9	11.4	95.0	108.9	1.5	–3.6	n.a.	113.5	2.7	0.9	10.3	75.0	116.8	April
–5.1	–3.3	11.5	89.1	107.8	–9.0	–4.6	n.a.	114.0	2.4	4.4	10.3	75.2	116.7	May
5.3	–3.4	11.6	91.0	107.5		–3.9	n.a.	114.8	3.8	2.7	10.3	74.3	116.9	June
1.6	–2.8	11.8	93.9	107.1		–3.3	n.a.	115.6	4.4	3.4	10.4	77.1	117.6	July
–0.9	–3.0	11.9	80.4	107.5		0.4	n.a.	116.9	3.6	2.5	10.4	77.8	119.1	August
2.1	–3.2	12.0	80.8	108.4		–0.7	n.a.	118.5	3.4	1.8	10.4	77.5	120.3	September
–1.8	–4.5	12.1	83.7	109.2		–1.7	n.a.	119.4	3.2	2.2	10.2	82.0	120.7	October
2.2	–0.3	12.2	85.2	110.2		–0.9	n.a.	120.3	3.8	3.6	10.0	84.8	121.0	November
–0.3	0.1	12.2	87.3	110.6		1.5	n.a.	121.3	4.0	3.7	9.9	85.1	122.0	December
0.5		12.2		110.9			n.a.	121.8	3.6	4.0	9.6	65.2	122.6	1994 January
				111.6			n.a.		2.6			85.4		February

All series seasonally adjusted. Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA. Retail sales volume: data from national government sources except Japan and Italy (value series deflated by OECD using CPI). Refers to total retail sales except France and Italy (major outlets only) and Japan (department stores only). Industrial production: data from national government sources. Includes mining, manufacturing, gas, electricity and water supply industries except Japan (mining and manufacturing only) and UK (also includes construction industries). Unemployment rate: OECD standardised rate which adjusts as far as possible for the different definitions of unemployment used in official sources. Vacancy rate indicator: relevant vacancy measure divided by total civilian employment, expressed in index form. Derived from OECD series. US – help-wanted advertising, Japan – new vacancies, Germany and France – all jobs vacant, Italy – no data available, UK – unfilled vacancies. Composite leading indicator: OECD data. Each is a combination of series, cyclical fluctuations which usually precede cyclical fluctuations in general economic activity.

Air traffic control privatisation step closer

By Paul Betts, Aerospace Correspondent

The UK government is expected to press forward later this week with its proposal to privatise the National Air Traffic Services of the Civil Aviation Authority.

This would enable tha CAA to tap the financial markets to help fund its £400m long term plans for air traffic control modernisation and an improvement programme.

The government announced its intention of privatising air traffic control services in its November budget and said it would set up a working party to draw up proposals. The start of a consultation process ahead of privatisation is likaly to be announced on Thursday.

Air traffic control services employ about two-thirds of the 7,300 people on the CAA payroll and are responsible for the safety and efficiency of all air traffic in UK air space. The CAA made a profit of £11m in its last financial year ended March 1993, on a turnover of £569m

The CAA has already embarked on the construction of a new air traffic service centre in Hampshire and a new centre is now scheduled to be built near Glasgow to replace the older facilities at Prestwick.

The new investments are expected to total about £400m between now and the turn of the century and the government is keen to encourage private funding for these projects.

Under the proposals, the CAA would retain its role as a regulatory agency but all air traffic control services would form part of a new private entity.

The authority has already split its air traffic control operations from its regulatory activities and these have been run on an increasingly commercial basis.

In turn, this has been reflected in the improvement in air traffic flows in and over the UK with average delays on outbound flights from the UK showing a 39 per cent decline between last year and 1992 and a 23 per cent decline on inbound flights into the UK during the same period.

However, privatisation of air traffic control is expected to spark controversy over the future safety of these services in private ownership.

Efforts to harmonise and unify Europe's disparate air traffic control systems to improve efficiency, reduce delays and congestion in European air space are also likely to have a significant impact on the longer term future of the UK air traffic control.

Photocopy industry censured

By Robert Rice, Legal Correspondent

Unscrupulous selling practices in the UK photocopier industry were condemned yesterday by the Office of Fair Trading.

Sir Bryan Carsberg, director-general of fair trading, said a 17-month investigation had "revealed an extraordinary variety of malpractices and excesses".

But he has decided against immediate legislation to clean up the industry calling instead for greater transparency in photocopier contracts.

Bnsiness was partly to hlame for allowing malpractices to flourish by failing to shop around or recognise the importance of photocopier contracts, he said.

The industry had also made progress through trade associations towards reducing unacceptable selling practices and deserved the opportunity to show self-regulation could work.

But he warned that if progress was not maintained he would use his regulatory powers to revoke consumer credit licences and could refer the issue to the Monopolies and Mergers Commission.

The decision to give self-regulation a chance was welcomed hy the Finance & Leasing Association and the Photocopier Suppliers Association both of which have produced codes and guidelines.

The Campaign to Clean Up Copier Contracts criticised the OFT report as ineffective and for its lack of sanctions.

The most common problems identified hy the OFT were contract periods much longer than the lives of equipment; obscure and steep escalations of service charges; and costly settlement terms – not disclosed in advance – when a hnsiness wanted to end a contract early.

Sir Bryan said lease and service-incinsive, cost-per-copy, contracts with an obligation to pay for a minimum volume of usage, had caused particular problems. The director-general said he would carry ont a further review early next year. In the meantima he wanted to see a number of improvements in practices.

Rank-and-file sullen over EU vote debacle

David Owen and Ivor Owen ask Tory MPs what they think of Mr Douglas Hurd's compromise

Conservative MPs were last night edging towards sullen acceptance of the compromise over reforma to European Union voting procedures hammered out by EU foreign ministers in Greece at the weekend.

After a huhhly 45-minute performance by Mr Douglas Hurd, the foreign secretary, in the Commons yesterday afternoon, it was clear that the hardcore Euro-sceptica still thought the cahinet should reject the deal.

But the self-styled Euro-realists to the centre and centre-right of the party appeared to he ateeling themselves to accept what they almost unanimously regarded as a government climbdown.

Mr Hurd's strangely tentative responses to MPs' questions appeared to have convinced only a handful of the doubters on the virtually silent Conservative backbenches that the concessions he had secured were of much importance.

Mr David Evans, the outspoken member of the executive of the inflnential 1922 committee of Tory rank-and-file MPs, summed up the mood. "I hope they [the cahinet] stick to their guns," he said. "But everything points to a giving way – however they wrap it up."

Even those MPs who saw nothing objectionable in Sunday's deal were generally critical of the government's tactics, which had seen Mr John Major side very publicly with Eurosceptics at prime minister's questions.

In the words of Sir Nicholas Bonsor MP, chairman of the House of Commons defence committee: "I think the compromise is probably one which is acceptable . . . But I don't think the particular stand which the government has taken is one that necessarily need have been taken in the circumstances."

Studiously avoiding giving any indication of what his recommendation to his cahinet colleagues will be today, Mr Hurd said Britain's tough negotiating position had ensured there would he a "root and hranch" review of qualified majority voting – the system at the centre of the current row – in two years' time.

Asked by one Tory MP whether he would be prepared to resort to the so-called Luxembourg compromise, enshrining Britain's right to veto EU legislation when it considers vital national interest is at stake, Mr Hurd gave an assurance that he would.

The foreign secretary's curiously offhand demeanour left at least one middle-of-the-road Tory with the strong impression he might step down gracefully at the next cabinet reshuffle. "I got the impression he was demoh happy," he said.

The Eurosceptic position was hest articulated by Mr Bill Cash, the MP for Stafford, who argued that the cahinet should turn down the compromise because arrangements for the proposed review were not included in the accession treaty.

Unless this was done, Mr Cash asserted, there would be no guarantee that Britain could unravel "any decision that had been arrived at in the meantime."

Other Eurosceptics later put it more hluntly. The government should reject the deal "straight down the line," said one. "What is more important – uniting the party or enlargement? How many votes are there in enlargement?"

"If John Major accepts this, I don't think there is any further useful function he can serve the country or the party," said another.

In the Lords, there was an unusually sharp exchange between Lord Tebhit and Baroness Chalker, with the foreign office minister attacking tha strongly Eurosceptic former Conservative party chairman for endorsing opposition criticism of Mr Major.

Lady Chalker said Lord Tebhit – who maintained that the government had heen "turned over" in the recent negotiations – "seems to put agreement with political opponents hefore loyalty to his own party."

Lord Tebhit said he agreed with "much that was said" by Lord Richard, the Lahour leader in the Lords, and Lord Jenkins of Hillhead, leader of the Liberal Democrat peers.

Lord Richard described the negotiations over the future size of the EU hlocking minority as "one of the most crass pieces of British diplomacy I can remember".

Lord Jenkins condemned the prime minister's desperate attempt "to save his own skin" and commented on the "pathetic spectacle of a weak man trying to behave like a strong man".

Donglas Hurd before his Commons statement on EU voting

Netherlands top location for UK investment

By Emma Tucker, Economics Staff

The Netherlands was the top location for UK investment abroad in 1992, according to the most np to date figures on overseas direct investment.

In total, UK companies invested £8.7bn in overseas subsidiary and association companies in 1992, slightly lower than the amount invested in 1991, according to tha Central Statistical Office.

Tha European Union accounted for the hulk – 49 per cent – of the investment, an increase of 8 per cent on the previons year. North America took 14 per cent, half the valne it took in 1991.

The largest increase in investment was in the rest of the world – mainly developing countries – where investment rose hy 18 per cent to account for 35 per cent of total outward direct investment.

The position of the Netherlands as the most popular destination for UK overseas investment was somewhat overstated, said the CSO, as many UK companies channel their overseas investment initially through holding companies located there.

The next conntry in the rankings was the US with £1.3hn, followed hy Australia, which took £1hn.

Direct investment into the UK in 1992 amounted to £9.2bn, an increase of £0.8hn on the previous year, of which 41 per cent came from North America, hut the figure still a significant rednction on the figures for 1989 and 1990.

Britain in brief

P&O may resume Kent freight ferry

P&O European Ferries said tt may resume ferry freight services from Sheerness in Kent to Vlissingen in the Netherlands which are dne to close in May.

P&O has acquired two new 33,000 tonne ferries from the German Olan line, which is closing its Sheerness passenger and freight operation. The Olan Hollandia and Olan Britannia are to operate between Portsmouth and Le Havre and are being renamed Pride of Portsmouth and Pride of Le Havre.

P&O's existing two ships on the route will be switched to its Portsmouth to Cherbourg service and two smaller ships on that route will be put up for sale.

The former Olan vessels can each accommodate 1,600 passengers and nearly 600 cars. Facilities include four restaurants, two cinemas, a sauna ann a swimming pool.

"We are thinking of pntting two small freight-only ships on the Sheerness-Vlissingen route," said a P&O spokesman.

Car sales may reach 1.9m

UK new car sales are expected to rise by 6.8 per cent to 1.9m this year according to the latest forecast by the Society of Motor Manufacturers and Traders.

Sales jumped by 11.6 per cent last year to 1.78m following three years of steep decline and have risen hy 17.9 per cent year-on-year in the first two months of 1994.

UK motor industry leaders do not expect this pace to be maintained throughout the year, however, and the SMMT warned that "the forthcoming tax increases and changes in company car taxation could inhibit growth."

The SMMT's forecast is more cautious than some other recent predictions.

Lockerbie road compensation

Pan Am, the former US airline, has paid more than £175,000 in compensation for damage to a road caused when Flight 103 was hlown out of the sky over Lockerhie in 1988.

Scottish secretary Mr Ian Lang started legal action against the airline last week when it was thought that the bill was unpaid.

But it turned ont that Pan Am's insurers had wired the money from the US two weeks ago. The Scottish Office admitted that there had heen an administrative "hlip".

Jurassic lark...

Thieves have stolen a rare dinosaur footprint from a beach where it lay undisturbed for 120 million years.

An electric stone saw was used to cut out the 18-inch square footprint of an iguanadon from the National Trust-owned Hanover Point on the south side of the Isle of Wight - one of Europe's best areas for dinosaur finds.

Steve Hutt, curator of the island's Geology Museum, said: "These prints were a superb attraction for scientists, amateur euthusiasts and tourists alike. Now it is ruined."

A spokesman for the National Trust confirmed they were alarmed hy the theft and were investigating.

Species get aid

The UK will put an extra £1.92m in the next three years into preservation of endangered species, Mr John Gummer, environment secretary, said.

The new funding hrings the total for the "Darwin initiative"- a collection of projects to use British ecological expertise in other countries - to £5.66m. The projects include Cambodian wetlands, Costa Rican moths and Chinese botanical gardens.

Mr Tony Juniper of Friends of the Earth, the pressnre gronp, called the amounts of money "derisory".

'Black Diaries' on public show

The so-called "Black Diaries" of Sir Roger Casement, the Irish nationalist hero, went on show at London's Public Record Office. The diaries, for the years 1903, 1910, and 1911, are considered to be crucial evidenca in the long-running dehate over Casement's reputation.

An Irish-born Protestant knighted for his humanitarian work as a British public servant in the Congo and Peru, Casement went to Berlin to seek German support for Irish independence as a way of undermining the British war effort. He was arrested for treason when he returned to Ireland in a German submarine during the first world war.

He was sentenced to death and any hopes of a reprieve foundered after the UK government circulated pages from his diaries which appeared to reveal him to be a homosexual.

The 1916 leaks succeeded in stifling support for Casement, hut the belief that they were forged gained widespread currency. However, last year forensic scientist Dr David Baxendale was given access to the diaries and said they were written entirely in the hand of Casement. The diaries released yesterday chronicle numerous encounters with young men.

Service set for sell-off wins lease to airport station

Gatwick Express link makes surprise profit

By Charles Batchelor, Transport Correspondent

The Gatwick Express, the first British Rail service set for privatisation, carried more passengers than planned aod made an unexpected profit in its first few months as an independent husiness.

The company, which runs railway expresses between Gatwick Airport and London Victoria, had expected to hreak even but higher than expected passenger numhers hoosted ticket reveoues hy £2m, Mr Robert Mason, managing director, said.

Ticket revenues rose to £27m in the past 12 months of which the last six were when Gatwick Express was operating as an independeot "shadow franchise". The company had hudgeted for ticket reveoues of only £25m over that period.

One of the first actions to be taken hy the present management team if it is successful in staging a huy-out will be to renew its eotire train fleet at a total cost of about £45m.

The Gatwick Express's present locomotives are 28 years old; its coaches 19 years old. It operates seven trains providing 134 services each day, but it plans to buy eight sets of locomotives and coaches to allow for maintenance.

The company is "very happy" with its £8m contract with Railtrack which guarantees access to the track between Gatwick and London and to two reserved platforms at Gatwick, Mr Mason said. Managers in other British Rail divisions have complained that Railtrack's track charges are too high.

Gatwick Express's one concern is that Railtrack does not allow Victoria station to be turned into a shopping mall, reducing train operations to the periphery.

The Gatwick Express has acquired the lease to run Gatwick Airport station. As station operator it must be seen to be treating all train companies using the station equally.

This means it will be reducing the promotional advertising for its services at Gatwick and creating a single ticket office for its own services and for those of its two rivals, Networth South East and Thameslink.

The Gatwick Express plans further improvements to its services to attract more passengers, inclnding a minicoach service from Victoria for travellers staying at London hotels and an improved setting-down area for travellers arriving by car.

It has also been marketing its service to the airlines serving Gatwick and to inclusive tour operators. It wants the airlines to sell train tickets on their aircraft and tour operators to include a train ticket in their package holidays.

Airbag incidents probed

Car companies were yesterday contioning tests to discover whether mysterious inflations of airbags in two cars from differeot manufacturers were caused hy drivers using mohile phones.

No definite link has been estahlished so far but fears that signals from hand-held mohile phones were to hlame for the incideots has prompted one company – BMW – to issue warnings to drivers.

BMW said yesterday: "Under product liability laws, we have felt obliged to warn drivers in their handhooks oot to use mobile phones when driving."

"We have never heen able to prove that there is a link nor have we been ahle to actually make such an incident happen in tests.

"Besides, drivers should not be nsing hand-held phones while they are travelling."

Pay signals 'deter scientific careers'

By John Authers

British employers are not sending the right signals to students, ministers claimed yesterday, after an education department report showed the relative pay of private sector engineers and scientists has falleo since 1980.

Mr William Waldegrave, the scieoce secretary, said: "Ultimately, there is nothing I can do to force firms to pay people properly and send the right market signals. If they want to raise quality, pay signals help that."

Mr John Patten, education secretary, said employers had "some bard questions to answer".

The report was commissioned after last August's A-level results in England and Wales showed falls in the number taking science, including a drop of 9.6 per cent in physics.

It found that pay for male scientists fell from 15 per cent above the average for administrative jobs in 1980 to 10 per cent last year.

In engineering the fall was from 14 per cent to 10 per cent, while computing salaries fell from 11 to only 1 per cent above average.

Over the same period, pay for accountants rose from 11 per cent above average in 1980, to 17 per cent in 1993.

The report said: "The trend of relative pay for scientists and engineers over the 1980s is clear: it was falling, albeit erratically."

The Confederation of British Industry, the employers' organisation, welcomed the report, on which Mr Patten will be consulting for the next three months. It said the evidence on pay signals was not strong enough to make any firm conclusions.

The fight against Ulster's Mafia

Michael Cassell on one woman's campaign to expose terrorist intimidation

Pacemaker Press

After Nancy Gracey formed Fait, the reaction was overwhelming. "There is so much fear, so many people desperately wanting help."

It was Patrick Gracey's lucky day when he was shot in the leg by Irish Republican Army gunmen on wasteland behind a West Belfast bar.

The gun jammed, preventing a second shot aimed at the base of his spine. His abductors call the intended punishment a "50-50" – reflecting the target's chances of ever walking again. As they left, they threw him 10 pence to make a telephone call for help.

Mr Gracey's crime was to pick a fight on a bus with the wrong person. The result was a six-month campaign of intimidation against him, his wife and their young child, culminating in his punishment shooting off the Falls Road.

But, in shooting Mr Gracey on July 13 1990, the IRA unwittingly picked a fight with his mother. On news of her son's shooting, Mrs Nancy Gracey drove through red traffic lights in a blind fury to the house of a man she regarded as a local IRA "godfather". Confronting him in his living room, she was angered by his indifference. He offered her a cup of tea. The Roman Catholic mother of nine vowed to fight him and everything he stood for.

Mrs Gracey went on to the hospital to see her son, where she met a mother at the bedside of her own boy, a Protestant victim of loyalist extremists. "We were both crying for our sons. It made no sense."

Overnight, she decided to employ the most powerful weapon at her disposal to launch a campaign against intimidation. Enlisting the help of newspapers and broadcasters, she set about highlighting what she saw as the hypocrisy and lies employed by all paramilitaries in trying to impose their perverted code of justice on local communities within Northern Ireland.

Her family, frightened for her life, pleaded with her not to do it. "I told them the only way to stop me was to put a bullet through my head. My life has not been easy but I was damned if I was going to let scum take and hurt my son and get away with it."

The reaction was rapid and overwhelming. "The stories of beatings, shootings, protection payments and banishments poured in. There is so much fear, so many people desperately wanting help," Mrs Gracey says.

In August 1990 she formed Families Against Intimidation and Terror (Fait) to help fight cases in which individnals or entire families find themselves under threat. The organisation, which now has a core of 15 volunteers and gets a £37,000 annual grant from the government, has achieved some important successes.

The case of Mr Micky William is typical. A Londonderry father of 12, he was branded an IRA informer and forced to leave the country because he alerted the police to an incident in a neighbouring house. "We publicised the truth and the IRA had to back down. The local communities just won't stand for it." In another incident an IRA list circulated with the names of 200 Roman Catholics ordered to leave their areas was publicised, and subsequently withdrawn.

Recently, however, loyalist extremists have been responsible for the majority of reported cases of intimidation. "Many of the accusations from both sides are total fabrications. They will pin anything on someone singled out for treatment," Mrs Gracey stresses.

Her group believes at least 200 people a year are having to leave Northern Ireland under threat of mutilation or death, with many more expelled from their home towns. Last week in Belfast two men were found with gun wounds after incidents bearing the hallmarks of punishment shootings, while an Armagh mother publicly appealed to the IRA to lift a two-year banishment order on her son following allegations against him of "anti-social behaviour".

Mrs Gracey says that, for the paramilitaries, "anti-social" activity usually means criminal behaviour which they have not sanctioned. "We are talking about a Mafia which is not prepared to give up its wealth and go back on the dole. Visions of "Mother Ireland" don't come into it."

Sha is convinced that by publicising paramilitary terror tactics the organisation has, in particular, helped stem overseas support for the IRA.

The stubborn, angry founder of Fait, who has herself been on the receiving end of threats ever since the campaign began, says people in Ulster have had enough: "It's the ordinary people who hold the key. They have the power to get rid of these people if they make clear they will not tolerate them.

"We were told we wouldn't last six months but we are still here and intend to go on showing up these peopla for the lying, murdering hypocrites that they are." No one who knows Mrs Gracey doubts her determination.

TECHNOLOGY

German sites for Japanese

Japanese companies are continuing to locate more new research, design and development (RD&D) centres in Germany than in any other European country, in spite of its current economic problems. Spain became the second favourite site for new facilities last year, with the UK dropping to third equal with the Netherlands.

Britain still has the largest number of established Japanese RD&D centres – 83 out of the European total of 264 – but Germany, with 53, is slowly narrowing the gap: until 1992 Britain had almost twice as many. France, with 34, remains in third place, but Spain, now with 26, is catching up rapidly.

These trends emerge from the latest annual survey of Japanese manufacturing companies' European operations, recently published by the Japanese External Trada Organisation (Jetro). It shows that there was a further slowdown in the rate of new RD&D centres across Europe last year. After a doubling in 1990, and rises of 48 per cent in 1991, and 20 per cent in 1992, only 24 facilities were opened last year, a rise of 10 per cent.

The Jetro survey is not definitive: only about 61 per cent of the 728 Japanese manufacturers in Europe replied to it. But it does suggest the beginnings of a new trend: a small decline last year in the number of RD&D units not linked to a Japanese company's European manufacturing operations. For the first time the number of such stand-alone units fell from 67 to 65.

Several European governments have been pressing Japanese companies to establish integrated RD&D facilities, rather than stand-alone units which feed all their work to operations in Japan.

On the other hand – surprisingly in view of the strong yen – the proportion of companies with a 50 per cent plus ratio of local parts and materials content in their European manufacturer eased slightly in 1993, from 76 per cent to just under 74 per cent.

Christopher Lorenz

The intricate use of screens in Miss Saigon would have been impossible without computer automation

Thrills on the modern stage

Victoria Griffith looks at developments in special effects

Theatre has come a long way since someone flicked a light switch on and off to create the impression of lightning. Audiences these days want to be thrilled by special effects, and at times these can become the star of the show.

Everyone who saw the *Phantom of the Opera* remembers the falling chandelier, and those who saw *Miss Saigon* remember the helicopter.

On the modern stage, characters appear from nowhere, and vanish suddenly. Boats sail on-stage, war scenes are lit by sparks and flames, and fog envelopes the scenery.

"We have to compete with other forms of entertainment like films, television and amusement parks," says Steven Tarry, executive vice-president of the New York special effects group Production Arts Lighting. "You can do almost anything on film these days, and audiences are demanding more and more excitement. Since theatre tickets often cost $60 (£40) a head, you have to provide something special if you want to stay in the game."

Computerisation of lighting and scenery has provided much of the impetus for greater use of special effects. Dozens of stage hands were once needed to shift scenery and operate lights. With the help of a computer, one person can easily control up to 1,000 fixed lights – not uncommon in big productions – plus a series of moving lights.

The same computer can also control complex scenery movements: a trap door opens here, a car swings on to the stage there. It usually does this by sending signals to robot-like machines which shift the stage pieces around, or automatically activate switches.

"The new sophistication comes largely from the extent to which special effects are used," says John Paull, technical production manager for the *Phantom of the Opera* in New York. Complex scenery shifts such as the intricate use of screens in *Miss Saigon*, Paull explains, would be impossible without computer automation.

"With humans operating scenery movements, the pieces are more likely to crash into each other or happen at the wrong time. Now we use a closed-loop system with constant feedback through the computer. Everything is pre-programmed so that errors are very rare. The computer knows where everything is."

The new dependence on computers is also driven by the high cost of labour in the heavily unionised theatre industry. "The old rule was one man, one set of lights," says Terry. "Now, one man can operate thousands of switches, and that makes it all a lot cheaper."

Other advances are contributing to the special effects craze. Stage managers have been making much use, for instance, of a new way of producing theatrical fog. Glycol-based fog, produced by vaporising and cooling mineral oil, has largely replaced dry ice, which is just as effective but more expensive.

New machines chill a mineral oil and water mixture, and the cold temperature causes the resulting smoke to lie low on the stage. The new machines have become so popular, it is the rare Broadway production that does not have at least one fog scene.

Some actors have complained about the effects of glycol fog on their health. "We are very concerned about complaints about everything from respiratory problems to headaches because of the new fog," says Helaine Feldman, of the Actors' Equity Association, the actors' union of New York. It is conducting a survey of the health effects of glycol and may press managers to cut down on its use.

Laser lights have so far mostly been confined to rock shows, but some designers see lasers as a way of producing fresh-looking lighting effects, and believe their use may increase. "Lasers used as an alternative type of light source can enhance certain effects," says Gregory Meeh, president of US special effects company Jauchem & Meeh.

Scenery movements have also been aided by greater use of infra-red remote controls. "We used to use radio frequencies, but those can go through walls," explains Paull, who used infra-red to control a boat in *Phantom of the Opera*. "Wa had some problems with interference. It kind of takes away from the production if the scenery starts heading into the audience."

Pyrotechnics – the explosion of fire crackers and fireworks or the use of flames on the stage – produce a dramatic effect, but still depend mainly on traditional methods. One innovation, though, is a mushroom spore called lacapodium, which when aerated and combined with an electric spark, resembles a flame.

For many designers, the technology of the future is projection. "I think we'll see more integration of film with live characters," predicts Jeremiah Harris, production supervisor and president of Harris Production services. Film projectors are now capable of packing in large numbers of frames per second. Many are able to handle 72 frames per second, a speed which can accommodate a very bright light source behind the image. With a stronger image, designers can use projection to create life-like scenic backdrops. "You can get much bigger visual images this way," says Harris. A wooded scene, for instance, could be played against a backdrop film of a forest, with flying birds and swinging branches.

Some people in the industry worry that the spectacle detracts from the traditional enjoyment of the actors' craft. In the worst case, they argue, special effects may serve as a substitute for good writing and acting.

However, Paull says that special effects cannot turn weak drama into success. "The best combination is strong theatre with strong special effects. You need to have something more than scenery movements and lights to draw people in night after night."

Technically Speaking

File for patents far and wide

By Ian Harvey

The recent agreement in the Uruguay Round of the Gatt (general agreement on tariffs and trade) negotiations will have an obvious, positive impact on trade in goods and services. Less clear is the profound effect it will have on intellectual property rights (IPR) and corporate patenting strategies.

IPR is likely to change considerably over the next 10 years. Companies that depend on IPR for their business should be *filing* now for patents in countries that they want to start selling to in the next decade. Otherwise, their future products will have no patent protection in these large emerging markets.

IPR will now come under the umbrella of the Gatt (and its successor), pressuring the developing world into creating IPR protection comparable to that today in the countries belonging to the Organisation for Economic Co-operation and Development (OECD). For many products, patent protection is essential to creating or capturing future value, irrespective of whether the product is imported, manufactured locally under licence, or manufactured by a local subsidiary.

Goods and services now produced under licence, mainly in the OECD countries, are estimated at more than $500bn (£342.40bn) a year. The total value of goods and services covered by IPR protection is many times larger and these amounts could easily double in real terms over the next 10 years as the developing countries, particularly in Asia, join the market in IPR.

Under the Uruguay Round accord there will be a comprehensive and binding agreement on IPR. This includes:

- Broad cover for all forms of intellectual property in line with currently accepted international standards, including the Paris Convention (patents) and Berne Convention (copyright);
- Twenty-year minimum patent life from filing date for products and processes;
- Comprehensive enforcement procedures and dispute settlement mechanisms within Gatt;
- Protection for commercial and trade secrets when required by governments for use in patent applications or for regulatory approvals.

OECD countries will have a one-year transition and mid-level developing countries a further four years.

The least developed countries can have up to 11 years in transition but patent applications can be made immediately for pharmaceutical and agricultural chemical products, with patents granted at the end of the transition period. Under the pressures of the trade sanctions that the Gatt can deploy, enforceable patent systems are likely to emerge in a number of less developed countries over the next 10 years.

We are seeing today a rapid shift in economic growth from the developed world to the developing world. One view of future growth prospects suggests that world GDP may increase from $24,000bn in 1990 to $51,000bn in 2010.

A patent filing programme covering the main OECD countries, with a lifetime cost of about $270,000 (for a single, moderately complex technology) will today cover around 54 per cent of world GDP. By 2010, that same programme would be covering only 38 per cent of world GDP. Yet, by 2010, there are likely to be enforceable IPR laws in the bulk of the remaining 62 per cent.

Responding to the imminent changes in the global IPR system may seem a postponable decision, but country analyses of future GDP suggest that patent filing programmes should include more Far Eastern and Latin American countries. Relatively small changes in patent-filing programmes, at quite low cost, could effect the success of technology-based companies in 10 years' time.

Ian Harvey is chief executive of British Technology Group

PEOPLE

Insurance companies pick new chairmen

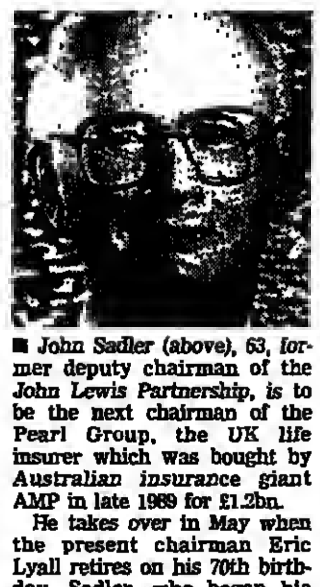
Allen Sykes, a former finance director of insurance brokers Willis Corroon, has been appointed chairman of Economic Insurance, which was the subject of a £71.5m management buy-out at the end of last year.

Sykes, 62, is probably best known as the joint author with A.J. Merrett of one of the standard works on project finance, *The finance and analysis of capital projects* which was first published in 1963. He joined Unilever as a management trainee in 1955, and has worked for RTZ, Willis Faber and Consolidated Gold Fields, where he was a managing director at the time of its 1989 takeover by Hanson.

The management of Economic Insurance bought the company from Hafnia, the Danish insurer, with the backing of Candover Investments and Causeway Capital. It specialises in providing "own label" insurance products for a number of insurance brokers as well as marketing policies under its own name. Sykes replaces John Sclater, 53, chairman of Hill Samuel and Foreign and Colonial Investment Trust, who had been chairman since 1992.

Economic's new management team has sharply reduced the number of products offered and has transformed the company's financial fortunes. Having reported a net loss of £5.2m on gross premiums of £39.5m in 1992, it made a net profit of £4m on premiums of £41.7m in the year to end-December 1993.

The company, which hopes to get a stockmarket quote within the next two to three years, expects to add another non-executive director to its board.



■ John Sadler (above), 63, former deputy chairman of the John Lewis Partnership, is to be the next chairman of the Pearl Group, the UK life insurer which was bought by Australian insurance giant AMP in late 1989 for £1.2bn.

He takes over in May when the present chairman Eric Lyall retires on his 70th birthday. Sadler, who began his career as a civil servant, is already chairman of the UK board of AMP and London Life, another member of the AMP Group. Pearl, which ranks among the top ten UK life companies, has over £10bn of assets under management and 10,000 staff.

Sadler is a member of the board of IMRO, a trustee of the BT Pension Scheme, and was a member of the Monopolies and Mergers Commission from 1973 to 1985. He also looked at the issue of cross-media promotion for the DTI, but his recommendation that there should be a code of practice to cover how media companies promote their other business interests has yet to be implemented.

■ Arthur Hayes, general manager, is promoted to group executive director of SUN ALLIANCE. Scott Nelson, general manager corporate finance, is promoted to group finance director. Peter Taylor is appointed group marketing direct; he is succeeded as md Sun Alliance life and pensions by Ron Winch, the operations director.

■ Paul Gibson has been promoted to finance director of BRISTOL CONTRIBUTORY WELFARE ASSOCIATION.

More moves at Pentos

The Pentos shake-up continues apace, with the news that Ric Belfield, 33, a senior retail consultant with KPMG, is displacing Roy Crosland as managing director of Ryman, the stationery chain of the Pentos group.

Last week Paul Hogarth was switched from his post as operations director at Ryman to take up the same post with Dillons, the bookstore chain of the group, and Frank Brazier – formerly chief executive at Dillons – abruptly departed the troubled group.

Belfield's move from consultancy to hands-on management does not come completely out of the blue; Pentos is a client of KPMG'e retail and distribution unit.

■ Andrew Stafford, formerly a director of James Neill Holdings, has been appointed md of Cuprinol, part of WILLIAMS HOLDINGS.

■ Brian Smith, formerly commercial director of Leyland DAF, has been appointed md of The CONTINENTAL TYRE AND RUBBER GROUP.

■ Kenneth Lambert has been appointed md of Ferodo Caernarfon, and Graham Cook md of Brake Linings, both part of T&N Friction Products Group. Cook replaces Richard Newson who has been appointed vice president of Ferodo America Inc and president of Ferodo Automotive Products Inc.

■ Noel Penrose, formerly a director of Interbrand Group, has been appointed md of OGDEN Entertainment Services in Europe.

■ Stuart May, formerly md of Rank Hotels and Banqueting, has been appointed md of FORTE Heritage.

■ Tony White has been promoted to head of corporate strategy at The NATIONAL GRID Company.

■ Stephen May has been appointed md frozen foods and Martin Lawrence md business development at PERKINS FOODS.

■ Tom Heinersdorff, formerly deputy md of Diners Club UK, has been appointed UK md of REED Exhibitions.

■ Colin Pye has been appointed financial director and company secretary of Tooling Products, part of WEIR GROUP.

Departures

At the end of this month Peter Batchelor, one of the best-known figures on the UK car market scene, will be ending a 40-year career with General Motors at the age of 56. When he first joined GM as an apprentice at its AC Delco parts division at Dunstable, Vauxhall was producing pseudo-American cars like the Velox.

He joined Vauxhall itself in 1982 and few see it as coincidence that since then Vauxhall's UK market share has doubled, to the point where it is treading hard on the heels of market leader Ford.

His current post of vice-chairman, commercial operations at Vauxhall will depart with him. It was created last year specifically in order to help Batchelor oversee an orderly transition to a new regime which will be in place from April.

Under this, Ian Coomber, who stepped into Batchelor's shoes last year as sales and marketing director, and Jim Raymond, after-sales director, will report directly to Vauxhall's chairman and managing director, Charles Golden.

Although he has just become eligible to play in the British Seniors (golf) Championships, he will make time to remain as motor industry representative on the government's National Board of Crime Prevention.

■ Australian Peter Thomas, 61, an executive director of Peninsular and Oriental Steam Navigation Company, has finally decided to retire back to Australia and says that he will not be making any comebacks.

Thomas, P&O's head of corporate affairs, is one of the few senior P&O executives who joined Britain's biggest shipping company long before it was transformed by Lord Sterling's arrival in 1982. A former editor of the Birmingham Sketch, Thomas first joined P&O in 1960, went back to Australia in 1967 with Overseas Containers Australia, before returning to P&O. He then spent several yaars with Smiths Industries before returning to P&O for a third time in 1980. After seven years on the P&O board, he retires in April but will retain his links with the group by joining P&O Australia in Sydney.

■ Duncan Blacklock, manufacturing director, has resigned from JACQUES VERT.

■ Alan Martin has retired from GLYDE PETROLEUM.

■ Henry Askew is retiring from the board of GERRARD & NATIONAL HOLDINGS on April 5.

■ Mike Goodhew is retiring from MFI.

■ James McDannell has resigned as finance director of ABBOTT MEAD VICKERS.

■ Sir Peter Youens has retired from LONRHO.

MANAGEMENT: THE GROWING BUSINESS

In a Nutshell

Banks' reference system to change

Businesses seeking bank credit references on potential or existing clients must prepare to change their ways.

For decades banks have played their part in the provision of "one bank and two trade references" which have been the sum total of many companies' credit management systems.

But from yesterday, the clearing banks require suppliers to approach their customers' banks for a reference. Until now suppliers have approached their own banks who in turn went to the customers' banks for the reference.

The change has a number of implications. Banks supply some customers with the reference service free of charge but the new references will cost the supplier at least £8.

More importantly, it could damage relations with potential customers. Before giving a reference the customer's bank will need its client's permission which in turn means the supplier will need to seek permission for that reference. Some suppliers may find this awkward in the middle of a sales pitch.

Companies may decide a more comprehensive service is available from the specialised credit information suppliers for very little extra cost.

Directory deadline approaches

Companies have until the end of April to advertise products and services, and for potential partners, in the 12th edition of Europages, the 1400-page, multi-language business directory.

The directory contains analysis of industrial sectors and market trends in 19 countries in western Europe, Scandinavia and eastern Europe.

Europages says the directory, available on CD ROM, reaches 600,000 companies.

Europages – 081 879 3033

Hands on, hands off

Richard Gourlay debates the merits for companies of a specialist approach to venture capital

Wilkinson: wanted investors who would make a valid contribution

For UK managers blessed with a head office that decides to sell them the subsidiary they work for, choosing a venture capital company is one of the most important decisions to take.

Pricing is obviously a consideration, in terms of the cost of finance and the amount of equity the management must give up to raise the necessary capital.

Differentiating further between venture capital companies can be difficult. Many talk of the way they develop "personal chemistry" with entrepreneurs. And they all stress how important it is to develop common investment goals – such as agreeing on how long investors might expect to wait before seeking an exit route.

In an effort to stand out from the crowd, some UK venture capital suppliers, notably Apax Partners, have long tried to present themselves as specialists in particular industry sectors. Rather than being financial experts who know about structuring deals and who subsequently get to know the industry in which they invest, these "specialists" reverse the approach.

Apax, Advent, Trinity and Baronsmead all hire individuals whose industry expertise is used to tempt investee companies as much, if not more, than their ability to structure deals.

But do the companies choosing these specialists get what they expect? And do budding management teams appreciate that the non-executive directors who are invariably appointed represent the interests of the venture capitalist?

Four years ago Linda Wilkinson, was looking for a venture capital company to finance the buy-out of Midland Network Services, a telecommunications network company now called Imminus where she is chairman and managing director, from the Midland Bank Group.

There was much international interest initially in the company, based in Peterborough, Cambridgeshire, which had carved out a niche providing travel agents with direct data links to tour operators. But the potential buyers dropped away when they realised the incumbent management was putting together its own bid. Any outside buyer would have been dependent on the thwarted management to move the company's clients from its Midland's network to a new network.

With profits of more than £1m on sales of £8m, there was no shortage of potential backers. Imminus chose Apax. "They have a specific interest and knowledge in this sector," says Wilkinson. "If we were going to bring others in we wanted investors who were going to make a valid contribution and not just give us the money."

Apax offered industry expertise through John McMonigall, a former managing director of operations at British Telecommunications's communication systems division. He joined the Imminus board as non-executive director. Wilkinson says the association with Apax and McMonigall gave Imminus stature in its market.

But she says the company is yet to receive the full degree of industry-specific input promised at the outset. Wilkinson and her management team are ready to consider strategic moves for the company, but are not clear how Apax's general industry knowledge can be translated into specific help. She recognises, however, that it is still early days. "As yet we have not had the opportunity to test if we will actually get that."

Wilkinson says Imminus may require additional specialist help from independent consultants. This, she says, would inevitably lead to a more distant relationship with Apax. "We all specifically agreed we needed to focus and had a busy agenda to complete," she says. "The acid test will really be over the next two to three months whether or not they [Apax] make an input that is of value."

McMonigall agrees that now Imminus has transferred clients to its own network, Apex must offer specific strategic input. "In a sense, apart from monthly board meetings, I have done little else," he says. "In April we will do away-days off-site and work at answering the strategic questions." This is typical of his relationship with the other Apax investments, he says. The time devoted to each investment varies greatly between companies and depends on what stage they are at.

Some venture-backed companies, however, believe the benefits of specialisation are exaggerated. Many argue that specialist knowledge is quickly out of date once the "specialist" has left his or her industry. Others say the last thing managers want after escaping the clutches of a large group is further interference from a shareholder who is second-guessing the management team.

Many would agree, though, that the specialist knowledge is of great benefit in the early stages, helping the venture capitalist avoid deals which involve undue risk from the management, the product or its market.

Stuart Evans, managing director of Cotag International, a maker of electronic security systems, chose not to seek specialist backers. The Cambridge-based company has been backed by ECI Ventures with three tranches of capital since 1984.

"For most companies it is not generally the case that you want specific industry experience," he says. "The experience you want which is scarce is people and personnel skills. For little companies the risk typically comes from restructuring. It is helpful if a [non-executive] is someone you can go to with senior personnel issues."

Evans says that the venture capital supplier which is prepared to provide second tranches of capital is more important than one offering industry expertise.

Other venture capital suppliers agree. Paul Brooks, managing director of Prudential Venture Managers says: "In my experience people want a venture capitalist who understands the industry but who has not necessarily worked in the industry – they want a balance between knowledge and interference. "Companies have to have a clear view about the construction of their board – if you want expertise then buy it in the market place."

This view is shared by Jonathan Baker, director of ECI Ventures. "We would not pretend to add value by second guessing management on industry trends but by changing management methods and controls and giving strategic input," he says.

Specialist industry expertise may help the venture capitalist avoid poor investments and make a more informed evaluation of new deals but the company seeking finance should remember that a venture capitalist's main focus is to find and win good deals and avoid bad ones, a quest which will not always allow it the time to nurture existing investments.

Big savings in the details

Cost cutters are seeking to trim in the least obvious areas

You have cut staffing levels so that further surgery would impair the company's ability to function. Yet more fat must be trimmed if margin improvement and growth is to be maintained while sales are static.

Alternatively, you are planning the sale of a company at a price, for instance, of 10 times earnings. Every £50,000 cost-saving would lead to a £500,000 increase in the price the company would fetch.

As the areas in which savings can be made become less obvious, so companies are increasingly turning to specialist cost cutters. Not only does this allow the managers to focus on those core areas of business development where they can add most value, but consultants can also frequently do a better job of finding savings for the very reason that it is what they do all the time.

Turning to specialists is not new. UK consultants such as National Utility Services, help companies find ways to control the cost of items like electricity, gas and water bills. And groups like Proudfoot design and implement cost-cutting programmes, often aimed at finding productivity increases which involve a cut in the workforce.

But businesses can now get help in cutting costs, particularly overheads, in parts of their businesses where savings may previously have been seen as too small to bother with.

Importing an idea that has taken off in the US, one London-based company, Expense Reduction Analysts, offers to scrutinise the least obvious areas within a business to find savings which nevertheless drop straight to the bottom line.

The office stationary supplies, courier services and printing bills are prime targets. "The amounts we are looking at are not significant in terms of the sales of any company.

"What we do is look to see what a company of that size should be paying for its services," says Frederick Marfleet, the executive director of ERA.

Stephen Dunsdon-Mash, chairman of ERA, says he has saved one company with sales of £300m more than £1m by reducing the amount of material delivered by unnecessary overnight delivery services. Many companies with sales of more than £100m will still be buying their stationary from catalogues, a notoriously expensive source of supply.

Per Troen, a partner in a small international law firm, Abbott, King and Troen, said some of the areas ERA identified did not yield savings. But other recommendations saved the firm 10-15 per cent on its annual stationary, postage and courier bills.

When senior managers bring in outside consultants to look at costs they can create serious tensions. For this reason, Dunsdon-Mash makes his first approach to the board level of companies, over the heads of those implicitly criticised if savings are found – the purchasing managers.

The ERA service is provided purely on a contingency basis. ERA's low overheads allow it to charge only if it realises savings for its clients, as is the case for companies offering the service in the US. "For us to be able to find £10,000 in savings is zero risk to the company," says Dunsdon-Mash.

If it does identify savings, its fees are steep – 50 per cent of the savings in the first year. ERA returns to the company three months after making recommendations to re-audit its position. Clients then have a contractual obligation to share any savings in the first year.

For companies seeking immediate reductions in costs the idea has obvious attractions. But it can also accelerate the trend towards companies shedding what BET calls the "chore businesses" and focusing on the core areas where they have a distinctive competence.

RG

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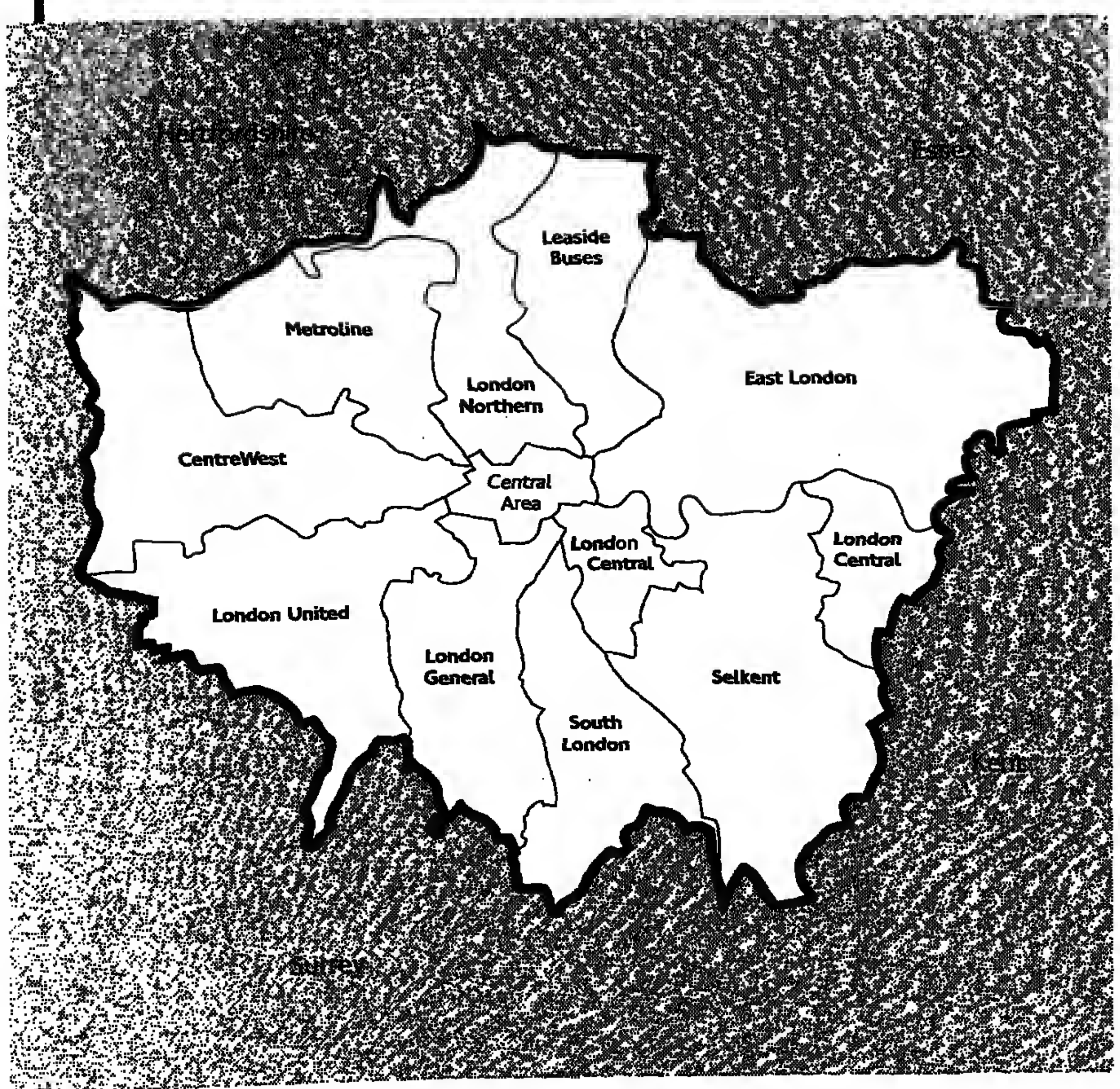

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Barclays de Zoete Wedd Limited,
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Schindler's lottery can be banned

EUROPEAN COURT

National legislation prohibiting the operation of lotteries within a member state's own territory is lawful under EC law, even though such action constitutes a barrier to the freedom to provide services, the European Court of Justice ruled last week.

The case concerned the sale of German lottery tickets in the UK. The Schindler brothers were agents for the lottery and sent 20,000 order forms to individuals in the UK. The documents were confiscated by Customs under UK laws that ban lotteries in the UK and prohibit the importation of any publicity material about the running of lotteries.

In the High Court, the Schindlers claimed the UK law was incnmpatible with the Rome treaty rules on free movement of goods and freedom to provide services. The court referred the matter to the ECJ. Eight other member states also intervened in the proceedings.

The ECJ first had to decide how lottery activities should be treated as a matter of EC law. The Belgian, German, Irish, Luxembourg and Portuguese governments argued thet such activities were outside the scope of the treaty, as they did not constitute economic activities.

The Spanisb, French and UK governments, together with the European Commission, argued that such activities were services rather than goods and should be dealt with under the services rules. The Schindlers submitted the activities were covered by the EC provisions on free movement of goods.

The Court ruled the activities were economic activities and fell within the scope of the treaty. It also found that, although physical objects were distributed, they were merely part and parcel of the organisation and functioning of a lottery which could not be regarded as goods.

Such activities should be treated as services. The services concerned were those supplied by the lottery organiser in causing individuals who had bought tickets to participate in a game of chance and offering them the hope of winning.

Despite the entertaining nature of lotteries, they were clearly profit-making organisations. Even where certain member states' laws only allowed the profits of lotteries to be used for purposes in the public interest, such as support of the arts, this did not roh the activities of their economic nature.

The Court then had to decide whether the UK rules were a barrier to the freedom to provide services. Only the Belgian and Luxembourg governments argued that the provisions did not constitute such a barrier, on the ground they were applicable to both the providers of the services in the UK as well as in other European Union countries.

The court reiterated its earlier position on the issue. National measures which were indistinctly applicable were capable of falling within the scope of the EC services rules, if the measures were such as to prohibit or otherwise impede the activities of a provider of services established in another member state where thet person lawfully provided similar services.

As that was the position in the present case, the Court ruled that the national provisions did constitute a barrier to the freedom to provide services.

The final issue to be decided by the Court in the light of earlier findings was whether such a restriction which was found not to be discriminatory, could be justified on public policy grounds.

All the member states agreed and argued that such restrictions were compatible with the EC services rules on the grounds that they were justified as being in the public interest. The Commission submitted that the restrictions were unlawful because they were disproportionate.

The Court found that the aims of the UK measures were to protect the users of the service as well as consumers generally and the social order. The Court had already held in previous cases that such aims justified restrictions on the freedom to provide services. Member states were thus entitled to take measures such as those at issue, so long as they were not discriminatory.

C-275/92: HM Customs ond Excise v Gerhart and Jorg Schindler, ECJ FC, March 24 1994

BRICK COURT CHAMBERS, BRUSSELS

Fight for right to clear names

Robert Rice on the Fayed brothers' case against the UK government

Alone among Council of Europe countries, the UK denies its citizens an effective remedy, if the state brands them as dishonest and criminal without the right to a fair trial.

So say the Fayed hrothers, owners of the House of Fraser stores group which includes Harrods in London. Publicly condemned by the Department of Trade and Industry inspectors' report into their 1985 takeover ol the House of Fraser for dishonestly misleading the authorities – a charge they have always disputed – Messrs Mohamed, Ali and Salah Fayed claim they have been denied the right to clear their names.

They have taken their fight to the European Court of Human Rights in Strasbourg. Their case is that the denial of effective access to a domestic court to defend their right to honour and reputation and the denial of effective domestic remedies to challenge the DTI inspectors' findings amount to a breach of articles 6 and 13 nf the European Convention on Human Rights.

Last week's oral hearing followed the rejection last summer of the Fayeds' case by the European Commission of Human Rights. The court's judgment is not expected until the autumn.

Victory for the Fayeds might not only force the UK government to change the procedures of company investigatinns and trihunals of inquiry, such as Lord Justice Scott's current arms to Iraq inquiry. It could, in the words of Lord Lester QC, the Fayeds' counsel, "secure stronger national judicial protection of individnals in the UK whose basic human rights and freednms are decisively affected by administrative actions".

On the other hand, defeat, as Lord Lester told the Strasbourg judges, "would inevitably mean that in the UK, puhlic authorities – including government-appointed investigators and government itself – would be ahle publicly to defame an individual with impunity; the victim would be prevented from seeking any redress in national courts; and the convention would be unable to protect him from a violation of his human rights".

Mr Michael Cole, House of Fraser's director of puhlic affairs, said that, by taking their case to Strashourg, the Fayeds were not seeking to hinder public debate or hamper investigations into financial malpractice. Neither were they asking the court to clear their names. They were simply seeking to ensure that individuals accused of serious misconduct enjoyed due process of law and that there were adequate safeguards in English law against the misuse of public powers.

The case they advance is a powerful one. Lord Lester told the judges there was no doubt the central conclusion of the DTI inspectnrs' report was that the Fayeds were guilty of dishonest misrepresentation. In the eyes of the world the report, published hy the government, had the force of a judgment delivered after a lengthy trial at which the Fayeds had been convicted. But there had been no trial and criminal charges had never been hrought. The government had even decided not to seek to have the Fayeds disqualified as company directors.

Trevor Humphries

Mohamed Al Fayed: seeking safeguards against misuse of pnblic powers

The Fayeds' civil right to a good reputation had been drastically and decisively interfered with by the process, Lord Lester said. The procedures governing DTI cnmpany investigations afforded no safeguards for the rights of those under investigation.

Hearings are held in private. Inspectors are free to decide how they conduct their inquiries. They do not have to inform those under investigation of the identity of witnesses against them. Those under investigation have no right to confront or cross-examine witnesses and no right to see the evidence against them. Inspectors can rely on evidence that would be inadmissible in a court. And the secretary of state has a hroad discretion to publish a report.

Lord Lester said this "unfair" system of company investigations had been heavily criticised in recent years – most recently in a debate in the House of Lords in February. It carried a disproportionate risk of unnecessary harm to individuals. Measures were needed to minimise that harm, either by introducing greater procedural safeguards such as the right to cross-examine witoesses, or by providing real and effective access to the courts to challenge the inspectors' findings.

Lord Lester said the Fayeds had no effective remedy of any kind against publication of a condemnatory report and the damage it caused. A libel action against the secretary of state or the inspectors would have been struck out on the grounds that what they had published was privileged. An action based on a separate libel against the Observer newspaper, for articles written about the Fayeds in connection with the House of Fraser takeover, was not an effective remedy against publication hy the government. And English judicial review was too restrictive to provide any redress.

The government's response, put hy Mr Michael Baker QC, was equally robust. It said that company investigations were not designed to determine whether individuals were entitled to the reputations they enjoyed. Company investigatinns were not trials; their purpose was to ascertain the facts about a company's affairs and report them to the secretary of state.

Any damage to the Fayeds' reputations was an incidental consequence. They themselves were largely responsihle for any harm caused, both hy the manner in which they conducted themselves and in the substance of their evidence to the inspectors.

Mr Baker said that, in essence, the Fayeds were arguing for a full right of appeal against inspectors' reports, although they could have used judicial review tn challenge any perverse or arbitrary decision of the inspectors or the secretary of state.

If they felt the inspectors had been biased, or had misled them or their advisers, or had reached conclusions unsupported by the facts – all allegations that the Fayeds had made on the day after publication nf the report – they could have sought a judicial review. But they did not. They also failed to seek a judicial review nf the secretary of state's decision to publish the report. By not doing this and by failing to pursue the Observer, they had not exhausted their domestic remedies, as required hy the conventinn.

In spite of the rejection last year of the Fayeds' case hy the European Commission of Human Rights, Lord Lester remains optimistic. The commission was often overturned by the full court, he said yesterday.

The court's reception of his submission of evidence showing that the UK alone among Council of Europe countries fails to provide an effective remedy to those under investigation for alleged financial or commercial malpractice gave him most confidence.

In Germany, for example, publication of *such* a report would be *illegal* if the authorities had not also indicted the individuals concerned. In Sweden, Switzerland and the Netherlands, no administrative body has the power to publish a report imputing serious criminal misconduct to named individuals.

Even in the US, where freedom of speech is jealously guarded, an inspectors' report could not have been published hy the government if the individuals concerned had not had the right lo know the evidence on which the findings were based or to confront and cross-examine witnesses.

The UK government appeared to have no answer to this evidence. Mr Baker argued that what happened in other countries was of little value to a case involving the UK. But, said Lord Lester, the court did not seem impressed with that line of reasoning. If he is right, the House of Fraser saga may yet be the unlikely vehicle for an improvement in human rights in the UK.

LEGAL BRIEFS

Firms decide against merging operations

Against the expectation of the legal services market, the Norton Rose/M5 group of English law firms has decided not to merge its nperations into a single national partnership.

A review nf the group's activities has concluded that there is at present no business case for merging all seven firms into a national practice and the present structure remains the one best suited to help group members deliver the service their clients require. The group will therefnre continue to collaborate on professional development and support, including training, recruitment and exchange of information and know-how and also in business development, particularly by marketing the firms as a group nverseas.

Mr Jonathan Barclay, a partner of Norwich solicitors Mills & Reeve and chairman of the group's board, said nine months ago he would not have guessed this would have been the *outcome of the review.* But the more they looked into the actual needs of clients, the clearer it became tbat there was no significant advantage in merger.

High-tech judges

The Lord Chancellor's Department is to provide 300 UK judges with laptop computers over the next three years, in n drive to increase the use of information technology in the courts. The department has placed n £340,000 order with Siemens Nixdorf for PC notebooks, services, support and training for the judges.

They will be issued with PCD-4NC colour notebooks, with portable cut-sheet printers. The computers will be linked so judges can communicate with each other and with court administrators. They will also be able to set up conference facilities and take notes on their computers in court.

A languorous look back at Venus and the myth

William Packer explores an exhibition of sculpture at the Liverpool Tate

Each generation redefines its ideal of Woman in terms of its current pre-occupations and aesthetic. Ever since Paris first sat in judgement on the Three Graces, the story has been the same. Juno may have tried to bribe him with the offer of supreme power and Minerva with military glory, but Venus was always going to win. Sex and beauty always do.

The Tate Gallery in Liverpool, continuing its excellent programme of small exhibitions thet inform the richness of the gallery's own collections, is looking at those sculptors of the avant-garde who were working in Paris in the 50 years or so after 1890. The theme is the idealised, or at least formalised, female nude – which, in its inevitable symbolic aspect, is to the artist always Venus.

Any such catch-all approach is fair enough, and this particular title of *Venus Re-defined* need not be taken too literally. Even so, the territorial limitation to Paris is to be regretted.

How good it would have been, for example, to have had an early reclining figure by Henry Moore to set beside the Matisse and Laurens *horizontales*; and alongside Zadkine's totemic Venus, some ruder German Expressionist figure by Kirchner or Heckel. The point, perhaps, as is so often with these small and pilot exercises, is for a larger, more ambitious project then to propose itself.

As to the present exhibition, for all the talk of Venus – given in the actual titles of the works by Renoir and Zadkine – and of Rodin's *Cybele* and Maillol's *Three Nymphs*, there is no question here of classical pastiche or pre-occupation. Whatever classical reference there is appears incidental rather than central, a matter of passing interest and general sympathy, no more than the simple monumentality of a sculptural presence, the shift of weight, the swing of a hip in a standing pose, or the languorous turn of the figure at rest.

More to the point is the fact that all these artists, from Rodin in the 1890s to Laurens in the 1940s, engaged directly as they were with the principles and practices of modernism and the avant-garde, should have seen the female life model, set up in conventional, even archetypal, fashion as the normal and appropriate vahicla for tha development of their ideas. How remote this seems from our own experience, when working from the figure is considered an anachronistic irrelevance, if not actively condemned as exploitation.

Matisse's four monumental relief studies, which dominate the show, were made for his own purposes and not shown in public until after his death in 1954. The earliest dates from around 1910, tha last from 1930, and each takes the same image of the standing woman seen from behind. So we follow him in his radical simplification of the image, abstracted almost to the point of abstraction. But was it ever, in his mind, a Venus re-defined? *Autumn* by Laurens, a large reclining figure of 1948, is an actively voluptuous and surreal composition of abstracted fruit-like forms, writhing and thrusting. Venus? Perhaps she is. And Maillol's *Three Nymphs*, a monumental reworking of the familiar group? Indeed.

Other displays at the Liverpool Tate currently include *In Light of the Other*, the touring exhibition of work by Californian video artist Gary Hill. It was reviewed by my colleague Lynn McRitchie when it was at Oxford last autumn. The most notable element in the show is the set of inter-active images of silent figures wbo seem to notice the viewer as he stops before them, walk up to him as though to inspect him in the gloom, and turn away as he himself moves on.

And continuing at the Tate is *New Realities 1945-1968*, a major international survey of the painting, and a little of the sculpture, of its period. Drawn from the Tate's own collections, it is about to enter the third and last of its annual revisionary phases since it was first hung in 1992.

The survey falls into three self-explanatory parts: turning to the figure; pursuing abstraction; and towards a new aesthetic, and is particularly stimulating for the half-forgotten artists it brings back into the light alongside the more predictable and familiar names – Pignon, Buffet, Gruber, Coker, Armitage, Self, Solages, Henderson and others – and for the international and inter-disciplinary comparisons it draws.

Venus Victorious, a 1914 bronze by Auguste Renoir, at the Liverpool Tate

Venus Re-defined - sculpture by Rodin, Matisse and contemporaries; Tate Gallery, Albert Dock, Liverpool, until June 1995; sponsored by David M Robinson Jewellery. Gary Hill - In Light of the Other – until May 2; sponsored by Pioneer High Fidelity, Art Services Management, McCollister's Moving & Storage and Martinspeed. New Realities 1945-1968 until mid 1995; sponsored by the Littlewoods Organisation.

Recital/Richard Fairman

Dmitry Hvorostovsky

A thoughtful gesture towards an English audience opened this recital. There cannot be many Russian singers who have taken Purcell in their repertoire. Although *Music for a while* was not meant to go at a funereal pace, at least Dmitry Hvorostovsky could use it as an opportunity to show off his unrivalled breath control.

This young baritone arrived with such a big bang on the international music scene that he raised exaggerated expectations in many quarters. In recent years Hvorostovsky has had to proceed carefully. His appearances in opera have not always gone down well, often because audiences who know his singing from recordings have been surprised that his lyrical baritone is not more forceful when they hear it live.

It was a sensible move to put more emphasis on recitals. (Last year's Russian programme on the South Bank was a noted success.) His Wigmore Hall recital on Sunday showed that he has started to venture into other repertory. And it is not just Purcell that he has included, bnt also Ravel, in whose *Don Quichotte à Dulcinée* he was more or less intelligible - a too youthful Don Quixote perhaps, but Hvorostovsky always has panache. A group of three rarely-heard Shostakovich songs gave us sombre Russian gravity in between.

There was a greater rarity to come, however. Audiences in the West have heard little of those Soviet composers who dutifully toed the party line (Shostakovich, who seethed with resentment against the regime and wrota tha best music, has monopolised Western attention). Georgy Sviridov has been neglected but his song cycle, *Russia cast adrift*, suggests that he might deserve better. Its musical style is conventional, but Sviridov has a knack of hitting upon striking and memorable ideas.

The work is a sort of Russian autumn journey, not rivalling Schubert in its scope, but invoking similar pictures of villages in the frost, circling flocks of geese, maple trees and willows.

Hvorostovsky sang the piece with such passion and imagination that he may have made it sound better than it really is. If only his accompanist, Mikhail Arkadiev, did not hammer away so.

Jazz/Garry Booth

Dee Dee Bridgewater

Such has been the brilliant effect on jazz singing of the three divas - Ella Fitzgerald, Sarah Vaughan and Billie Holiday - that all other voices have been pushed into the penumbra of popular consciousness.

Of course there are other stars in the galaxy: Dinah Washington delivered much and promised more; Anita O'Day, Abbey Lincoin and Betty Carter have all done it their way; and Nina Simone has been nobody and everybody's fool. But none has lit popular music culture like the constellation of Vaughan-Fitzgerald-Holiday.

By and large, the repertoire of these three female vocalists alone has served us up to the present time. The ranks have not been replenished and the art of "jazz" singing has been frozen in the 1950s style. There are newcomers, notably Cassandra Wilson and Rachelle Ferrall, who have been peeping round the corner for a while – both individual stylists, trying a new way.

Then there is Dee Dee Bridgewater, who finished her long-awaited tour of the UK at the Manchester Royal Exchange on Sunday. A glamorous and animated figure, Bridgewater portrays herself as a keeper of the tradition. Indeed, a new contract with Verve and a new long-player (called, you guessed it, *Keeping Tradition*) provide vigorous readings in front of a trio of evergreen tunes such as *Fascinating Rhythm* and *What is This Thing Called Love?*

She has arrived at this point after a varied and glittering apprenticeship. in the 1970s she sang with the Thad Jones - Mel Lewis Orchestra and later succeeded Abbey Lincoln in the Max Roach quintet. She went on to record fusion and pop music and in the mid-1970s took to the stage, winning hearts and prizes in *The Wiz*, *Sophisticated Ladies* and, famously, as Billie Holiday in the show *Lady Day*. Now she is settled in Paris, fronting a regular and snappy trio and, as she said in her preamble, keeping a vocal tradition alive.

She's well equipped for the job. In bassist Hein van de Geyn she has a meticulously tidy arranger, and with the addition of Thierry Eliez (piano) and Dédé Ceccarelli (drums), a trio that sparks around her. She is beautiful and her contact with the audience is sassy and seductiva. The voice, if a little mannered in phrasing, has delicious flexibility and ranges from gravelly scat to coquettisb balladry without effort.

The insidious problem for this listener is a nagging comparison with ber mentors. Bridgewater doesn't have the ever-pressing swing of Fitzgerald, the emotional contact of Holiday, nor the deep-suffering blues of Washington. She is musical and she reads the lyrics of standards such as *I Fall in Love Too Easily* with clarity and some conviction.

But where is Dee Dee? It might be a commercially heretical suggestion, but why not dispense with tradition and apply that fine voice to more personal material?

Theatre/Paul Driver

Tom Stoppard's Travesties

Tbe ralentless punning, literary allusiveness and political disquisitions of Tom Stoppard's *Travesties*, written 20 years ago, is still perhaps a bit much for West End audiences.

The londest laughs for Adrian Noble's Royal Shakespeare Company production, which arrived from the Barbican at the Savoy Theatre last week, were certainly reserved for the clowning, the gimmickry and song and dance routines. A speech that quotes or deliberately misquotes T.S. Eliot, Wordsworth and Churchill in the space of a few sentences is doubtless unlikely to get belly laughs; but the theatrical appeal of he who quotes – British consular official Henry Carr, confusedly reminiscing about Joyce, Lenin and Tristan Tzara in the Zurich of the Great War – is large enough to carry away any audience.

As played by Antony Sher with a perfect feeling for the character's magnificent vague magniloquence, his old man's disinclination to tie up a sentence or stick to a fact, his sheer joy at swimming in cliché, Carr is an irresistibly naughty old blunderer, grinning with vivid *schadenfreude* as he holds on to one fact, at least: that Joyce is dead while he himself isn't. And he's not just an old blunderer, but a young one too; for he must slip continually between his dusty anecdotage and his dapper heyday, a feat Sher performs with easy brilliance.

In his younger incarnation Carr, along with most of the other characters, is presented in terms of his role in an actual production by Joyce's English Players of *The Importance of Being Earnest*. This rendering of Joyce through the framework of Wilde is a marvellous basic image for the play, which not only offers actors acting real-life people acting (Carr, too, is based ou fact), bnt with its stopping and starting and repeated versions of the same scene nicely dramatises the very act of remembering.

To angle tbe historical drama through insignificant Carr's eye is Stoppard's most poignant and Joycean invention. Great art may perfectly well be a "celebration of non-entities", or of tyrants, Joyce informs the Dada-ist poet Tzara (the spiffy David Westhead). A pity that, as Alastair Macaulay found, reviewing the production's Barbican opening on this page last September, Lloyd Hutchinson isn't commanding enough as Joyce. He looks right, but lacks the true top o' the morning brio.

The tyrant Lenin fits more problematically into Stoppard's scheme, but even he – in this recension of the published text – has the Wildeanism of: "To lose one revolution is a misfortune. To lose two looks like carelessness." Geoffrey Freshwater – a fine portrayal of uncanny physical likeness – cracks that one from a high orator'a platform cleverly cut into the backdrop by designer Richard Hudson.

Amanda Harris, Rebecca Saire and Trevor Martin as Wildean women-folk and manservant give immaculate support. Adrian Noble's staging – which fits its new bome pretty snugly – is intelligent, vigorous and sometimes touching.

Savoy Theatre until June 4

Obituary

Ionesco, master of tragic farces

Tha controversial playwright Eugène Ionesco, master of the Theatre of the Absurd, died yesterday in Paris at tha age of 81.

His work was characterised by a blend of black bumour and farce which he used to caricature the conventions of middle class family life and explore a wider philosophical anguish at the intrinsic loneliness of man.

His most celebrated play, *The Bald Soprano*, in which two couples exchange banalities, was inspired by his experienca of learning English - many of the phrases, such as "the ceiling is up, the floor is down", were taken directly from his grammar books. The play opened to catcalls in 1950 but has since been performed more than 25,000 times.

Born in Slatina, Romania, on November 26, 1912, the son of a Romanian lawyer and a French mother, Ionesco spent his early years in Paris. French became his first language before he returned to complete his studies in Bucharest.

He wrote poems, dabbled in literary criticism and became a high school teacher in France before writing his first play, The Bald Soprano, in 1948.

At the premiere of his next play, *The Lesson*, in which a professor spends an hour verbally assaulting a pupil, the leading actor had to flee the theatre through a back door while an outraged audience clamoured to demand its money back.

The bizarre slapstick of his work has left its legacy in contemporary comedy as well as drama. But behind the studied absurdity, there was a serious intent. Ionesco was a longtime foe of political tyranny, particularly of the regime of Nicolae Ceaucescu, and his work conveyed what be viewed as man's struggle to survive in a society that formed barriers between human beings.

The Chairs (1951) was a bleaker statement about man's inability to share experience. Two elderly people living in a lonely tower on an island wait for their guests to arrive to hear the message that the old man wants to leave for posterity. Since he cannot express it himself, he has hired an orator. Empty chairs accumulate on stage, crowding out the couple who finally jump to their death. Ionesco described his plays as "comic dramas" or "tragic farces" because he viewed both elements as inextricably linked.

In *The New Tenant*, (1954) furniture mushrooms to the point where the whole flat, street and city and even the Seine river are clogged with furniture.

Other successful works included *Victims of Duty* (1954) and *The Killer* (1957).

His international stature was confirmed with *Rhinoceros* (1959), a play in which everyone but the play's two main protagonists turns into aggressive pachyderms. The work, which made its Paris premiere witb Jean-Louis Barrault directing and acting, was seen as the playwright's response to the rise of Fascism in pre-war Romania.

"When people no longer share your opinions, when you can no longer make yourself understood by them, you have the impression of being confronted with monsters - rhinos, for example," Ionesco told *Le Monde*. "They have that mixture of candour and ferocity. They would kill you with the best of consciences."

INTERNATIONAL ARTS GUIDE

AMSTERDAM

Concertgebouw Tonight: Thijs Kramer conducts Amsterdam Promenade Orchestra and Matrozen Chorus in Bach'e Matthew Passion. Tomorrow, Thurs: Roberto Benzi conducts Netherlands Philharmonic Orchestra in works by Franck, Vierne and Poulenc, with organ soloist Marie-Claire Alain, preceded tomorrow by free lunchtime concert (24-hour information service 020-675 4411 ticket reservations 020-671 8345)
Beurs van Berlage Tomorrow, Thurs: Hartmut Haenchen conducts Netherlands Chamber Orchestra in works by Frank Martin and Haydn (020-627 0466)
Muziektheater Dutch National Ballet'a Balanchine programme runs daily except Mon till April 9. The next opera is a revival of Harry Kupfer's staging of Salome, opening on April 11 with a cast headed by Josephine Barstow (020-625 5455)

ANTWERP

de Vlaamse Opera Tonight: Silvio Varviso conducts premiere of Hans Neugebauer'a new production of Lohengrin, with cast led by Gösta Winbergh, Andrea Trauboth and Ruthild Engert. Repeated April 1, 4, 7, 9, 12 in Antwerp and April 17, 20, 23 and 26 in Ghent (03-233 6685)
deSingel Thurs: Peter Eötvös conducts Orchestra of the Brussels Monnaie in Boulez's Pli selon Pli, with soprano Phyllis Bryn-Julson (03-248 3800)

BREGENZ

EASTER FESTIVAL
Like Salzburg and Lucerne, Bregenz is trying to capitalise on the popularity of its summer festival by staging a short festival at Easter. This year'a programme consists of two staged performances of *Parsifal with René Kollo in the title role* (Fri and Sun) and a concert devoted to Beethoven's Ninth Symphony (Sat). The guest ensemble for all three events is the Orchestra and Chorus of the Polish National Opera in Warsaw (05574-433910)

BRUSSELS

Palais des Beaux Arts Tonight: Lynn Harrell cello recital. Tomorrow: Peter Eötvös conducts Orchestra *of the Monnaie* in Boulez's Pli selon Pli, with soprano Phyllis Bryn-Julson (02-507 8200)

CHICAGO

CHICAGO SYMPHONY
Tonight's programme of Mendelssohn and Saint-Saens symphonies is conducted by Myung-Whun Chung. Michael Tilson Thomas conducts works by Bach, Reich and Mahler on Thurs, Fri, Sat and next Tues (312-435 6666)
THEATRE
● The Night of the Iguana: Goodman Theater artistic director Robert Falls directs Tennessee Williams' late play, with William Peterson as the debased minister drawn to a New England spinster, played by Cherry Jones. Till April 10 (312-443 3800)
● The Master and Margarita: this stage adaptation of Bulgakov's novel is presented at Steppenwolf Studio Theatre, in collaboration with Lookingglass Theatre, one of Chicago's best small ensembles (312-335 1650)
● Joseph and the Amazing Technicolour Dreamcoat: Stephen Pimlott directs Andrew Lloyd Webber's musical, with former teen heartthrob Donny Osmond as the Bible's flashiest dresser. At Chicago Theatre in an open-ended run (312-902 1500)
● Second City: the improvisational comedy craze was born in Chicago, and Second City is still its hub. Catch a comedy revue on the main stage or the company's smaller theatre (312-337 3992)

GENEVA

● There is a final performance tonight at Grand Théâtre of the Francesca Zambello/Roderick Brydon production of Billy Budd, with a cast headed by Robert Tear, Rodney Gilfry and Willard White (022-311 2311)
● Matthias Bamert conducts Suisse Romande Orchestra on Thurs at Victoria Hall in music by Beethoven and Schoenberg, with piano soloist Andreas Bach (022-311 2511)

THE HAGUE

Dr Anton Philipszaal Tomorrow: Schoenberg Ensemble plays chamber works by Webern, Berg, Zimmermann and Henze. Thurs, Fri: Franz Welser-Möst conducts Hague Philharmonic Orchestra and Linz Mozart Chorus in Bach's Matthew Passion, with soloists including Barbara Bonney and Tom Krause (070-360 9810)
AT&T Danstheater Thurs: first night of new Nederlands Dans Theater programme, including Hans Van Manen's Evergreens and new works by Paul Lightfoot and Susanne Linke (070-360 4930)

LUCERNE

EASTER FESTIVAL
Guest ensembles at this year's festival, from Good Friday to Easter Monday, are the Choir and Orchestra of the Academy of St Martin in the Fields conducted by Neville Marriner, the Montreal Symphony Orchestra under Charles Dutoit and the Stuttgart Radio Symphony Orchestra under Emmanuel Krivine. The ASMF'e two concerts include Rossini'a Stabat Mater and Mendelssohn'a complete incidental music for A Midsummer Night'a Dream. The Montreal orchestra also gives two concerts, featuring music by French composers and Beethoven's Third Piano Concerto played by Radu Lupu. Apart from the opening concert in the Jesuitenkirche on Friday, all events take place in the Kunsthaus (tel 041-233080 fax 041-239464)

VIENNA

Staatsoper Tonight, Sat: Der fliegende Holländer with Monte Pederson, Peter Seiffert and Gabriela Benackova. Tomorrow: *Andrea Chenier. Thurs, Sun: Parsifal* with Poul Elming, Franz Grundheber and Waltraud Meier. Next Mon: ballet mixed bill (51444 2955)
Musikverein Wed: Erwin Ortner conducts Vienna Chamber Orchestra and Arnold Schoenberg Chorus in Mendelssohn'a oratorio St Paul. Sat and Sun: Rafael Frühbeck de Burgos conducts Vienna Symphony Orchestra. April 12: Sergiu Celibidache conducts Munich Philharmonic. April 19, 24: Christa Ludwig farewell recitals (505 8190)

WASHINGTON

MUSIC/DANCE
Kennedy Center Tomorrow: Heinz Fricke conducts Washington Opera Orchestra and Choral Arts Society in Beethoven's Ninth Symphony. Thurs, Fri, Sat, next Tues: Roger Norrington conducts National Symphony Orchestra in a Brahms programme. Mon: Christoph Eschenbach conducts Philadelphia Orchestra in works by Beethoven, Rouse and Tchaikovsky, with piano soloist Tzimon Barto. Britain'a Royal Ballet opens a two-week season on April 6, followed on April 19 by Dance Theatre of Harlem (202-467 4600)
THEATRE
● Tha Revengers Comedies: Alan Ayckbourn's two-part suspense farce opens at Arena Stage in the Fichandler on Fri, directed by Douglas Wager (202-488 3300)
● The Sisters Rosensweig: Wendy Wasserstein's sophisticated comedy about the reunion in London of three American Jewish sisters. Till April 10 at Eisenhower Theater (202-467 4600)
● The Wash: Philip Kan Gotanda's play about a Japanese-American couple who separate after 42 years of marriage. *Directed by Joy* Zinoman at Studio Theater (202-332 3300)
● The Loman Family Picnic: a bittersweet musical comedy about family truths beneath the surface. Till May 8 at Center Stage (410-332 0033)
● Standup Shakespeare: a musical revue setting the entire works of the Bard to Dixieland jazz, baroque and gospel-rock music. Daily till Sat, also April 15-23 at Folger Shakespeare Library (202-544 7077)
● Single Exposures: a festival of America's leading solo performers, including Tom Cayler, Tim Miller and Claire Porter. Till May 1 at Woolly Mammoth (202-393 3939)

ZURICH

Opernhaus Tonight: L'Italiana in *Algeri with Vesselina Kasarova and* Simone Alaimo. Tomorrow, next Mon: Rafael Frühbeck de Burgos conducts Ruth Berghaus' new production of Otello, with Frederic Kalt in title role. Thurs: Ariadne auf Naxos with Edita Gruberova as Zerbinetta. Sat: Tosca with Mara Zampieri (01-262 0909)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(Central European Time)

MONDAY TO FRIDAY
NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY
NBC/Super Channel: FT Reports 1230.

TUESDAY
Euronews: FT Reports 0745, 1315, 1545, 1815, 2345

WEDNESDAY
NBC/Super Channel: FT Reports 1230

FRIDAY
NBC/Super Channel: FT Reports 1230
Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
Sky News: FT Reports 0430, 1730;

Cracks in the oil fields

Robert Corzine on Opec's split over proposals to cut quotas

A fault-line running down the Gulf emerged at the weekend meeting in Geneva of the Organisation of Petroleum Exporting Countries. The divide, which has been created by weak oil prices since the autumn, was exposed wben Saudi Arabia refused to go along with a suggestion by Iran and some other members that Opec should cut production to stimulate prices.

The split will only encourage questions that have been asked increasingly in recent years about Opec's effectiveness in setting world oil prices. In late London trading yesterday, benchmark Brent crude was selling at $13.20, dowo 70 cents on Friday's close.

Saudi Arabia, on one side of the divide, is owner of the world's largest oil reserves and Opec's dominant producer, accounting for a third of total output of 24.52m barrels a day. Weak oil prices have given the country cash flow problems and caused it to question how long it can maintain the comprehensive cradle-to-grave welfare system which cossets 12.3m Saudis.

But with $7bn-$8bn in liquid reserves, an estimated $100bn in deposits held overseas by individual Saudis, and a triple-A credit rating, there is little doubt that Saudi Arahia can ride out even an extended period of low oil prices. Saudis may have to tighten their belts a little, the government may have to delay some spending, hut there is no real hardship.

Riyadh believes the longer-term costs would have been greater, had it agreed to a production cut; Iran, along with Nigeria and some smaller producers, might simply have taken advantage of any subsequent price rise and cheated on their quotas.

Saudi Arabia's wealthy colleagues in the Gulf Co-operation Council – including hig producers such as Kuwait and the United Arab Emirates – share its cash flow problems. On Saturday, they toed the Saudi line, some more reluctantly than others.

The view from the other side of the divide could not be more different. Iran, Saudi Arabia's political adversary in the region, exemplifies the plight of the poor, heavily populated Opec states which have less oil. It is heavily indebted with virtually no access to long-term international credit.

Every $1 fall in the oil price costs Iran about $1hn in oil revenues a year. In the six months to the beginning of March, during which Opec maintained its present production ceiling of 24.52m barrels a day, Tehran saw oil revenues fall by $3.5bn. Its revenue estimates for the year beginning March 21 have been slashed from $14bn to just over $10bn.

Mr Gholamreza Aghazadeh, Iran's oil minister, conceded that the decision to roll over the 24.52m *ceiling to the end* of the year will result in further oil price weakness, at least in the short term. In common with other Opec ministers, he expressed optimism that prices would strengthen in the second half of the year. Opec observers say he needs to be optimistic, given fears by diplomats in Tehran that a dip in annual oil revenues to the $8bn-$9bn range could force Tehran to cut back on essential imports, including food, at the risk of political unrest.

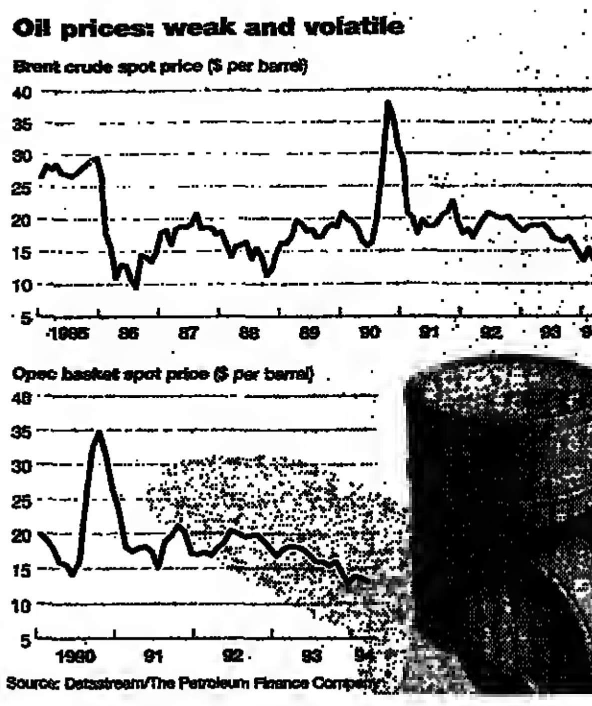
Iran's predicament is compounded hy persistent reports that technical prohlems in its oil fields are making it hard for it to meet its production quota of 3.6m barrels a day. Bargaining power in the cartel flows from oil production capacity.

Any admission thet quotas are going unfulfilled will be met hy a chorus of demands that any unused portions be doled out to other, more deserving cases.

Mr Aghazadeh went to considerable lengths to persuade fellow delegates that Iran's sustainable capacity was 4.2m barrels a day. His sensitivity was *such that he invited the press* to attend well-flow tests later this year to prove the point.

Among the other members, Nigeria proposed cutting production hy as much as 6 per cent. Like Iran, Nigeria has economic difficulties. It also has to worry about capacity; western oil companies foresee a decline in Nigeria's output of oil as early as next year, unless the government increases investment in production and exploration this year.

Opec observers do not expect the strains which emerged at the weekend to hreak the cartel. After all, they say, it survived the Iran-Iraq and Gulf wars. An Iraqi representative still attends meetings, even though its oil exports are barred by UN sanctions.



Source: Datastream/The Petroleum Finance Company

Moreover, many of tha Opec meeting participants saw low oil prices as transitory. On Saturday officials from Gulf states descrihed how, within nine months, oil prices might move from five-year lows and record steady rises. But the officials accepted that because output has not been cut at a time of year when world oil demand is usually at its lowest point, Opec is in for a rocky few months.

They also cited the prospect of stronger, though perhaps still weak, economic recovery in Japan and western Europe as an additional factor pointing to higher prices. The Iranians, however, do not share such a rosy viaw, and will continue to clamour for a cut.

But the officials conceded that only increased cash flows brought about by higher prices could paper over the chasm between Opec haves and have-nots.

There is a danger that the disgruntlad Iraniana or Nigerians may exacerbate that division by cheating on their quotas – trying to increase revenues without an oil price rise. Mr Aghazadeh said he "was not satisfied with Saudi explanations of why Saudi Arabia couldn't cut" output.

Mr Dou Etiebet, Nigeria's oil minister, would only say his country would "do its best" to adhere to its quota. And even though Iran may indeed be having difficulty in meeting the quota, Saudi Arabia knows thet oil field operators can achiave hig short-term increases in output if they are willing to lose eome of the long-term reserves of a field.

Even if the Saudi vision is fulfilled and higher prices materialise by year-end, Opec is likely to experience further *after-shocks from this week*end's events.

They highlighted the fact that Opec's main weapon since quotas were introduced in the early 1980s – supply management – is proving ineffective in a world where technology and the end of the cold war are opening up new sources of oil supply at ever lower costs.

Opec's divisions also show that Saudi Arabia's oil policy, thought to be set by King Fahd himself, looks at more than just short-term prices. He also appears anxious to ensure oil's longer-term future as a commodity. With reserves which will last for 100 years or more, Saudi Arabia still sees itself as the guardian of oil's pre-eminent place in the world's energy mix.

Joe Rogaly

2001: a Tory odyssey

Every government needs a sense of direction. A cahinet without focus can lose its way, as the then Mr Harold Wilson discovered after 1966 and 1974. Parties have always been happier when united around an agreed overall objective. Building a "socialist" society seemed at the time to justify the post-1945 Lahour government. Its Conservative successor chanted "bonfire of controls" as wartime rationing was swept aside. In the 1980s the then Mrs Margaret Thatcher plausibly described what she was up to as rolling back the frontiers of the state.

A auitable purpose for a British administration in the 1990s would be to produce a properly educated next generation, equipped to compete in global markets. To say this, and to know the unhappy fate of Mr Kenneth Baker's well-intentioned plans to reform publicly financed teaching, is to weep. It is not a thought to dwell upon. An alternative national aim could be to place the United Kingdom at the heart of Europe, the corollary being that the effectiveness of many British institutions would be enhanced by learning from their French, German or other counterparts. Snch an open-minded approach is not possible, given the prevailing mood in the Conservative party. *Unbelievably, it is still* arguing about how many votes are needed to stop continental Europeans from acting contrary to what Tories deem to be British interests. With a sigh, we must scratch heart-of-Europe from our banner.

All is not lost. If no mission statement is available, the next best glue for a polity is a *project*, preferahly one in which many can be involved, and all can feel pride. The Citizen's Charter was intended to be such an enterprise, but it has not set the nation's heart a-flutter. Never fear. Two other possibilities – the millennium celebrations and the liberalisation of the media and communications husinesses – could be exploited. They are not necessarily unrelated. Either or both could rekindle optimism in a society whose spirit has been cast down hy the douhle weight of an unfortunate government and an uninspiring opposition.

The first of these undertakings is in the hands of Mr Peter Brooke, the secretary for the national heritage; the second depends to a degree on his dapartment's input. This is curious. Mr Brooke is a high Tory, the son of a much-maligned former homa secratary. Onca chairman of the Conservatives, he camouflages his intelligence hy affecting the manner of a old buffer. Reconciled to the backbenches, he was recalled to the cabinet in 1992 after the enforced departure from the government of Mr David Mellor. Many of us expressed doubt about Mr Brooke's alevation then. Yet by a strange quirk of politics this 19th century figure has become the impresario of two potential *star turns of the second half of* the 90s – the national lottery and one of its beneficiaries, the millennium fund. He is also one of four ministers who plan to deregulate the production and dissemination of information and entertainment. The other three are the prime minister, the trade secretary, and the chancellor.

The Citizen's Charter has not set the nation's heart a-flutter. Never fear. The millennium celebrations could be exploited

If all goes well, the winner of the lottery contract will be announced in time for the dice to be rolling by the autumn. That would produce income for Mr Brooke's millennium committee. He expects it to rake in about £500m between 1995 and 2000, hut acknowledges that the sum could be twice thet. He tells himself that the Treasury will keep its promise not to grab the cash and run. The committee is already receiving outline bids, *although it has* not yet clarified its own thinking. It will probably finance monumente, millanninm events, and bursaries. What remains open is the unifying theme behind these activities.

The 1851 Great Exhibition, for which Prince Albert took the rola now occupied by Mr Brooke, demonstrated tha indnstrial might of the British empire. A century later its auccessor expressed post-war optimism, in shnttered concrete. It is not clear what inevitably more muted sound the 2000-01 trumpets will emit, hut Mr Brooke's contribution, which will surely be curtailed before long, may be to make it at least harmonious. His eye is on a respectful representation of British architecture. There are other possibilities, such as contributing to world culture. I am sure that the heritage secretary would entertain the suggestion that his fund should finance the restoration of the bombed library in Sarajevo. The first cheque could go out before Christmas. Such a gesture would be European without being divisive.

Not so tha "information superhighway". Neither wholly British nor entirely European, this next-century industry will be planet-wide, dominated by large players. Mind you, it is not as new as vice-president Albert Gore makes it sound. More than 10 years ago Mr Baker – he of the 1988 education act – was junior minister for information technology. He walked with a gleam in his eyes, talking about linking every house with fibre-optic cables. He sounded mad. Perhaps he was. It has yet to be demonstrated that the market *for new and* recycled films, videos, digitalised information, and multi-media spectaculars is as large as the dreams of Mr Gore and his like.

Mr Brooke and his fellow-ministers have first to settle little British difficulties. Next up is the question of to what extent newspapers can own TV stations, and vice-versa. This is a matter in which Pearson, owner of the Financial Times, has an interest. I suspect the government's broadcasting bill, when it comes, will liberalise, but not so much that its 17-seat majority in the House of Commons *is destabilised*. Mr Brooke had the parliamentary balance in mind when he cantiously permitted TV companies to acquire one another.

This Tory pragmatism should not be laughed away. It has its beneficial side. For example, Mr Brooke's instinct is to preserve British origination of TV news about Britain. That is not perfect obeisance to the market. The issue must be resolved: Mr Michael Heseltine muses expansively about a liberated BBC working hand in glove with a British Telecom freed from prior restraints on its activities. Come the millennium, they could roam the information superhighway together, as British Airways does the skies. In skilful hands, Mr Heseltine's perhaps, this kind of talk could be as intoxicating as "the white heat of the technological revolution" sounded 30 years ago.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Part-time jobs have profound implications

From Mr Jonathan Fry.

Sir, We were interested in your report, "Joh creation rate disappoints government" (March 24). In it, the Employment Department states that: part-time jobs are not all low paid; to dismiss the growth in part-time employment is an insult to an important part of the workforce; and a robust approach is needed to counter the bad employment picture that some critics might portray.

We form a group that is concerned ahout the growth in part-time employment. While we are not opposed to part-time work and do not assume that any part-time post can be changed into a full-time joh, we are concerned by the well documented fact that part-time jobs are low paid when contrasted with full-time employment.

We are also concerned about the increasingly limited earnings opportunities for households without a current wage earner and the public expenditure implications of the move to part-time working.

During a recent study into pay in former wages council industries, we came across a set of 91 retail vacancies with one employer. All the jobs were part-time and the average working week was 11.36 hours. Average weekly income was £39.05, with only four jobs paying above tha national insurance threshold. We calculated that the total tax and national insurance paid on the 91 part-time jobs, by employer and employee, would be £1,470 a year. If the jobs were full-time the 28 equivalent posts would yield £41,918.

This highlights the fiscal implications of the increase in part-time working. Between March and September 1993, there was a fall of 113,000 in full-time jobs and a rise of 210,000 in part-time jobs in the UK. Thia represented an increase of 97,000 jobs, but a decrease, on our calculations, of about 27,000 full-time equivalent posts. *If this trend con*tinues, by the year 2003 nearly three out of 10 men and 45 per ceot of all employees will he working part-time. This has profound implications.

We do not devalue part-time work. We do not believe part-time workers should be treated less favourably in law than full-time staff; neither did we argue in favour of wages council abolition on the grounds that a high proportion of the workers covered were second earners, mainly working part-time. We would, however, like to see a more mature dehate ahout employment issues.

Jonathan Fry,
Low Pay Network,
c/o 102 Commercial Street,
Batley WF17 5DP

PIA looks at symptoms not causes

From Mr Peter Tann.

Sir, The criticisms of the Personal Investmant Authority ara now familiar and well rehearsed. The new regima hardly adds up to the "*step* change" called for by Andrew Large, chairman of the Securities and Investments Board. This is because the PIA's scope is limited to regulation of "conduct of business" rules, *ie* sales and marketing practices. Its scope does not cover "prudential" regulation, which, in the case of insurance companies, remains with the Department of Trade and Industry.

The distinction between the snpervision of a company'e financial strength and *its* urge to book new husiness is arbitrary and unhealthy. From the days when I used to go along to "prudential supervisions" at the Bank of England, I can testify to the Bank's understanding of the risks inherent in such distinction.

The UK insurance industry is characterised by over-capacity and hy cost structures which are too high. All too often, the senior management response is to keep the sales machine running ever faster. I suggest that where there is suggestion of mis-selling and a decline in public confidence, attention should be aimed at the *management* approach to structural weaknesses in the industry, rather than management of the sales force.

By failing to bring together prudential eupervision and conduct of business regulation, the PIA is set up to deal with the symptoms rather than with *their causes. Any move to com*bine the two would necessitate statutory regulation.

Peter Tann,
28 Sekforde Street,
London EC1R 0HH

Investment in people being forgotten

From Mr Ralph Sabry-Grant.

Sir, Your surveys of the engineering industry (Ingenuity, September 14 1993 and March 25 1994), have missed a fundamental ingredient in the creation of wealth. In addition to a financial infrastructure conducive to long-term investment in *appropriate plant*, the corresponding Investment in people is essential.

While training and skill-upgrading are the current fash*ion*, they need a professional foundation to be of real benefit. In recent years, the professional bodies have demanded higher academic attainment, relevant postgraduate training and responsible experience before admitting candidates to corporate membership to raise the overall competence of the registered engineering commnnity; especially pertinent with the accelerating pace of technological advance.

Given the pressure of returns on investment and the capital intensity of new technology, a level of technological expertise corresponding to the financial supplied by chartered accountants and legal by qualified lawyers should be a pre-requisite. The closer to the point of Investment decisions registered engineers can be found, the better informed technologically such decisions are likely to be, as our more successful industrial competitors have shown over several generations.

Coverage of this point and its effect npon our relative industrial performance would add value to your reviews.

Ralph Sahry-Grant,
chartered electrical engineer,
32 Grange Gardens,
Pinner,
Middlesex HA5 5QE

'Moling' code needed to protect trees

From Mr Simon Walsh.

Sir, It is a shame Raymond Snoddy did not dwell on the environmental benefits which the mole method of cable and pipe laying would bring ("Mr Mole wants to bury TV diggers", March 19/20). My colleagues and I have become increasingly concerned with the large number of trenching operations in recent years, which *can cause untold dam*age to the root plates of nearby trees. Unfortunately, the trees usually survive a few years before they succumb, by which time they are often condemned as dangerous and felled completely.

This is a situation which has serious implications for urban street trees, which in themselves have a vital function in greening our towns and cities. There is an economic consequence, too, for the local council has to pick up the costs of dealing with the damaged trees and for their replacement. In the rural environment, with new water and gas mains squeezed between roads and *hedgerow, mature country* trees are also under threat.

The mole appears to go some way to addressing this problem, as one presumes it passes safely beneath the root plate, thereby minimising damage to the tree. One is encouraged by the recent, timely launch of a campaign to raise awareness of the damage trenching does to trees, but we may need more than *this*. Many "trenchers" have statutory powers which can hypass local authority tree protection control, and I feel that a robust code of practice must be agreed, hut that if this fails, then statutory measures are required to protect the hidden and particularly vulnerahle parts of the trees we so often take for granted.

Simon Walsh,
area countryside manager,
Herts and Barnet Countryside Management Service,
Gibraltar Mill,
Great Bardfield,
Braintree, Essex CM7 4QG

More loans no help to Russian economy

From Mr James Maughan.

Sir, I have read with interest your coverage of International Monetary Fund negotiations with Russia. The Russian econ*omy clearly has not adjusted to* market principles, and another $1.5bn loan is as useful as pouring petrol into a broken engine.

A justification would be the avoidance of mass unemployment. But the country would be better off by having some unemployment. The unemployment rate is only 1.5 per cent, but *that disguises the fact that* millions of Russians work for a aubsistence wage producing goods which go into stockpiles because no one has the money to buy them. The state would be better off giving a higher payout for those workers to stay at home.

Let us help the Russians In the transition to a market economy. More loans, however, protract rather than quicken this process.

James Maughan,
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FINANCIAL TIMES

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Tuesday March 29 1994

Time to stop digging

Mr Douglas Hurd exhibited all the skills of a conjuror in the account he gave yesterday to the House of Commons of the Ioannina compromise, on which he and his cabinet colleagues have to take a decision this morning.

The first time he went through it, it sounded for all the world as though Britain had won. In cases where states holding 23 votes or more were against a proposal, the Commission and the presidency would make every effort to seek a consensus, and there would be no time limit. Only when he went over it the second time did it slip out that in the last resort, when all such efforts had been exhausted, the proposal would be adopted unless 27 or more votes were cast against it.

Mr Hurd moved on with such alacrity, holding the House bemused with his effortless mastery of so much complex detail, that few MPs seemed actually to hear the dreaded figure 27 pass his lips. And nona of those that caught the Speaker's eye was quick-witted enough to pin him down on the crucial point, which is how it will be decided thet the search for consensus is exhausted and that the last resort has arrived.

According to senior EU officials, quoted in yesterday's Financial Times, the answer to this question is contained in the words "always respecting the Rules of Procedure of the Council". This means that the procedural decision will be taken by a simple majority, on a vote which can be called by any one member state. In other words, Britain will not be able to block legislation unless it can muster 27 negative votes – precisely what ministers have claimed it is essential to avoid.

Mr Hurd said he had secured two important concessions. One is that the above arrangement will be "legally binding". The other is that it will last only until the end of the 1996 intergovernmental conference (IGC), which will now deal with the issue of the blocking minority as well as with the relative voting weight of differant member states. This is actually not a concession at all, since whatever happens in 1996 there will not be agreement to *reduce* the blocking minority.

That Mr Hurd took such trouble to camouflage the deal on offer makes it clear that he is desperately hoping the cabinet will accept it. His refusal to "recommend" it in so many words merely preserves his options if the cabinet rejects his advice. He is not a resigner by nature, but he surely must make it clear to his colleagues that if they reject this offer they will put him in an impossible position.

Spain has already accepted it, so Britain would find itself isolated. There is no chance of wringing further concessions from the other member states. And the issue has already been blown up far beyond its real importance.

As Mr Hurd reminded the House yesterday, Britain's "veto" is not at stake. It is only the voting procedure for certain specific categories of legislation. The number of proposals in these categories during 1995 and 1996 which Britain will wish to oppose, and against which it can muster more than 22 but fewer than 27 votes, can hardly be very great, and might even be smaller than the number it will wish to see adopted but which could be blocked by the same number of votes from other states. And while Britain has good reasons to wish to restrict the competences of the EU, it should not wish to make decisions more difficult in areas where EU competence has been accepted by all member states.

Selling copiers

Caveat emptor is a basic principle which all buyers should observe when entering the market. But a business that expects to take advantage of its customers' failure to observe the principle is adopting a risky strategy. Buyers hit by underhand selling techniques are unlikely to engage in further transactions with companies that have ripped them off.

Yet shady selling practices appear to have become commonplace in the supply of photocopiers in the UK. According to a report published yesterday by the Office of Fair Trading, some photocopier dealers and leasing companies are guilty of "misrepresentation, obfuscation and deceit". They use leasing arrangements to overcharge for the equipment, impose steep annual increases in service charges and tie their customers up in contracts that last far longer than the equipment they supply. Their customers discover they have been conned only after signing lease contracts with penal termination clauses.

Some of the businesses caught by these methods have been large companies that ought to know better. They can afford the legal expertise to scrutinise the small print in contracts and demand clarification on lease terms. But most are small businesses, including professionals such as doctors, surveyors and financial advisers. And 15 per cent of an OFT sample of complaints on the subject were colleges or schools, housing associations, churches, clubs or other social groups. They are unlikely to have acquired the business acumen to spot a bad deal.

The problem lies in the opaque nature of leasing contracts which often omit the cost of the equipment, the implied interest rate and the charges on early termination. Many buyers lack the experience to demand such information or to understand the overall cost of the lease. They are also subjected to cold-calling and high-pressure sales techniques.

The problem is compounded by the unfamiliarity of the product. Car leasing is largely free of unscrupulous practices because most buyers have a grasp of the economics of the car ownership. They do not sign leases that last longer than the cars. They can weigh the monthly payments against well-known prices and likely service costs. Customers are less businesslike in acquiring office products, predictably so in the case of small businesses and public bodies.

Much of this could be dealt with by self-regulation. There is a limited number of large companies making photocopiers and providing the lease finance. Some are household names with reputations at risk from the unscrupulous methods of those who sell their products. They all have an interest in cleaning up their industry and avniding practices that destroy relationships with their customers.

Central to improving the industry's reputation is greater transparency in the nature of the transaction. It ia hard to see why businesses leasing photocopiers should be denied the sort of basic financial information required for credit sales of domestic consumer goods by the Consumer Credit Act 1974. And contracts must embody ths OFT's recommendations for clear explanation of costs and penalties. If the companies involved cannot provide this without compulsion, legislation may be inevitable.

En retraite

To be forced to retreat on one front may be regarded as a misfortune; to retreat on several fronts in succession looks like carelessness. By abandoning his controversial youth wage law in the face of student protests, French Prime Minister Edouard Balladur has not merely reinforced the impression that he is a soft touch for domestic interest groups. He has also augmented a sense of drift in economic and social policy that threatens to make the task of governing France immeasurably more difficult in the months to come.

This is a climbdown every bit as damaging as Mr Balladur's decision last autumn to scrap a much-needed restructuring of Air France after worker protests. It also stands in odd contrast to the firm support ha has given to the hard franc policy of the newly independent Bank of France.

The plan to pay young workers in training 80 per cent of the minimum wage may hava seemed more like tinkering than a full-blown attack on youth unemployment. But it was an important symbol of the government's desire for supply side reforms. Jettisoning it demonstrates just how far France is from getting to grips with the structural rigidities – such as the inflatsd minimum wage itself – that underlie its sluggish economic performance.

In mitigation it may be argued thet, one year after his appointment, Mr Balladur is not master in his own house. His youth wage plan did not enjoy unanimous support in the governing coalition. Had he persisted, he might have put the stability of his government – and his own presidential ambitions – in serious jeopardy.

It is not clear, however, that withdrawing the measure will smooth his path. On the contrary, by failing honestly to explain his intentions in introducing the measure and then shifting tack, he has undermined his most prized asset: an image of quiet competence. France needs greater clarity and firmness of purpose from its prime minister if it is to emerge strengthened from the current recession.

Leon Brittan outlines a strategy for rebuilding confidence in the EU – and its competitiveness – after recent crises

A Europe that deserves support

A strange paradox lies at the heart of the European Union, a paradox that mirrors the ambivalance so many Europeans currently feel towards the rest of the continent. In times of crisis the Union is seen to have let its peoples down, notably by failing to act to stop the killing in Bosnia; at other times it is cast as a secretive, self-inflating bureaucracy bent on over-regulating the lives of its citizens just to keep its staff in business. It is at once too powerful and yet not powerful enough, a beast showing the strength of a bear and the timidity of a door-mouse, and both on the wrong occasions.

For many, Europe has temporarily lost its bearings. Recent history helps explain why: the painful reunification of Europe has collided with the deepest recession since the 1930s, leaving the shining emblems of a bold and prosperous Europe in the 1980s looking tarnished alongside the unemployment of the 1990s. As the Danes rejected Maastricht and the money-changers gambled on France doing the same, it seemed the dominoes of Europe's delicate consensus in favour of integration were falling one by one.

Europe must rebuild the confidence shaken from it by recent history to face the tough decisions that history has now thrust upon it. The countries of central and eastern Europe, fearful of backsliding in Russia, are knocking ever louder at the Union's door; the vexed question of monetary union is now resurfacing; Bosnia has exposed the need for a shared foreign and security policy but also the immense obstacles to achieving it; the interdependence of the world economy is calling on Europe to restore its industrial competitiveness, and seemingly unstoppable growth in Asia is telling it to do so fast.

If the Union is to confront these issues with unity and resolve, it needs to carry the people with it. This, above all, means putting the principle of subsidiarity – enshrined in law for the first time in the Maastricht treaty – to work.

Subsidiarity, properly practised, should defy the pro- and anti-federalists alike, for it means striking a balance between intervention and abstention, allowing decision-making to settle at the most appropriate level. It is not a static principle but one which should allow for the ebb and flow of responsibility between regional, national and European authorities according to the need for Europeans to act alone or together at any moment.

If it is to stall excessive centralisation, the burden of proof must fall on those arguing for decisions to be taken by the Union itself, and the least restrictive instrument should be used. All legislation should be screened accordingly, and no powers should be set in stone – indeed, there may be cases where national governments have acquired tha expertise to perform the task hitherto allotted to the Union just as adequately, and the reins could then be handed back to them. Knowing when to stop will, therefore, be instrumental in restoring the Union's credibility.

But equally, the true application of the principle of subsidiarity means that, where acting together at European Union level enables something more desirable to be achieved more effectively, the Union should not hesitate to take the necessary action. Europe's collective achievements – the creation of a unified market and effective single policies on competition and trade, for example – should have proved to its detractors by now that team work at European level can enable each country to score more highly for itself than it could have done alone, however tiresome its team-mates may seem at times. Yet widespread distrust persists. The Union's duty, therefore, is not simply to accrue power when times are good and wash its hands of those responsibilities when times are bad: it is to assist governments in the search for the best level at which to take each decision, and draw ordinary people into that process.

To do that, the democratic element in the European Union must be reinforced. With 12 national parliaments and one European Parliament all empowered to scrutinise European laws, Europe has considerable means of democratic expression, but much of that potential is wasted. National parliaments seldom analyse European laws with the degree of scrutiny those laws deserve. They appear to exert little influence over their ministers when the latter meet at Union level to adopt new laws. Often national and European MPs are locked in opposition, one suspecting the other of tugging policy too far towards, or away from, the centre of Europe.

This need not be. For, if harnessed jointly to the decision-making wheel, they would complement each other. Through a Committee of Parliaments, national MPs could be assigned specific powers alongside their counterparts in the Strasbourg assembly, so reassuring voters that power over their lives is not ebbing abroad to bodies they did not elect.

A Committee of Parliaments could ensure power was exercised at the right level and on the right legal grounds

The Committee of Parliaments could ensure power was exercised at the right level and on the right legal grounds: it could watch over subsidiarity, with the power to ask the European Court of Justice to adjudicate if necessary; ensure laws have the correct legal base (s common battleground among governments fearing the Union may be growing by stealth); and check when governments consider extending the Union's authority.

Only if it realises its democratic potential can the Union face the greatest challenge: the drive to maintain efficiency as it takes in more countries. The Union's decision-making machinery, which has hardly changed since the Community began, is already creaking under the weight of 12 countries. It will creak more loudly with 16, and grind to a halt if Europe enlarges thereafter. But to lock out central and eastern European countries on these grounds is inexcusable.

Instead the inter-governmental conference that is to be held in 1996 should centre on the simple, but intractable question: how should we change the way the European Union is run to enable us to admit a substantial number of new countries without the Union grinding to a halt? This involves looking at how the Union's institutions work: the Commission and the parliament, as well as the Council of Ministers – and a fresh look at the voting questions which have caused such agonised debate. But we would also have to widen our analysis if the countries of eastern and central Europe were to be absorbed into the Union in due course.

The collapse of communism is forcing a more sharply focused consideration of Union policy towards its eastern neighbours. The question is no longer one merely of foreign policy – it is central to the future of the Union itself. The loss of Soviet markets made east Europeans look west for business, but the threat of Russian nationalism is sharpening their demand for membership nf the European fold, in economic, political and security terms.

War in Europe, too, is forcing Nato to confront the need for its European members to develop a more autonomous security policy within the alliance, as Soviet might gives way to smaller, less easily identifiable security threats closer home. The old dichotomy between reinforcing the European pillar of Nato and maintaining the transatlantic link is withering away as the US encourages Europe's sutonomy within the Western European Union and France begins to shed its staunchly independent view of defence. Developing a true European pole within Nato, but one also capable of acting outside it under the WEU, is now realistic and should be encouraged.

The European Union should also gradually lift its remaining barriers to trade from the East, while urging eastern Europe to adopt competition and other market rules similar to its own. Yesterday those countries needed aid and advice on how to build a market economy; today they also need investment and the infrastructure and economic stability to attract it as painful reforms take root. The west's role must also be made more visible, to help prevent people turning their back on those reforms. Ultimately it is economic prosperity that will weld the continent together, leading to a joint political future in one Union, each country in its own time.

The European Union will sink or swim on its ability to restore the competitiveness of its economy

Prosperity is also the most effective agent of integration in western Europe – a lesson apparent from the lack of support for European integration as the recession and unemployment bite. The Union will sink or swim on its ability to restore the competitiveness of its economy. Through its role as "steward" of Europe, the Union must establish order among a series of often competing priorities – for example, the protection of Europe's rural communities while encouraging agriculture to compete without excessive subsidies; or the creation of a social safety net which does not stifle industry; or the need to close the wealth gap by bringing poor countries up to richer ones, and not vice versa. Any attempt to muddle through – merely to "manage" these issues rather than to introduce real reform where necessary – will not work. The reason is that one priority thwarts all others: the need to compete on world markets.

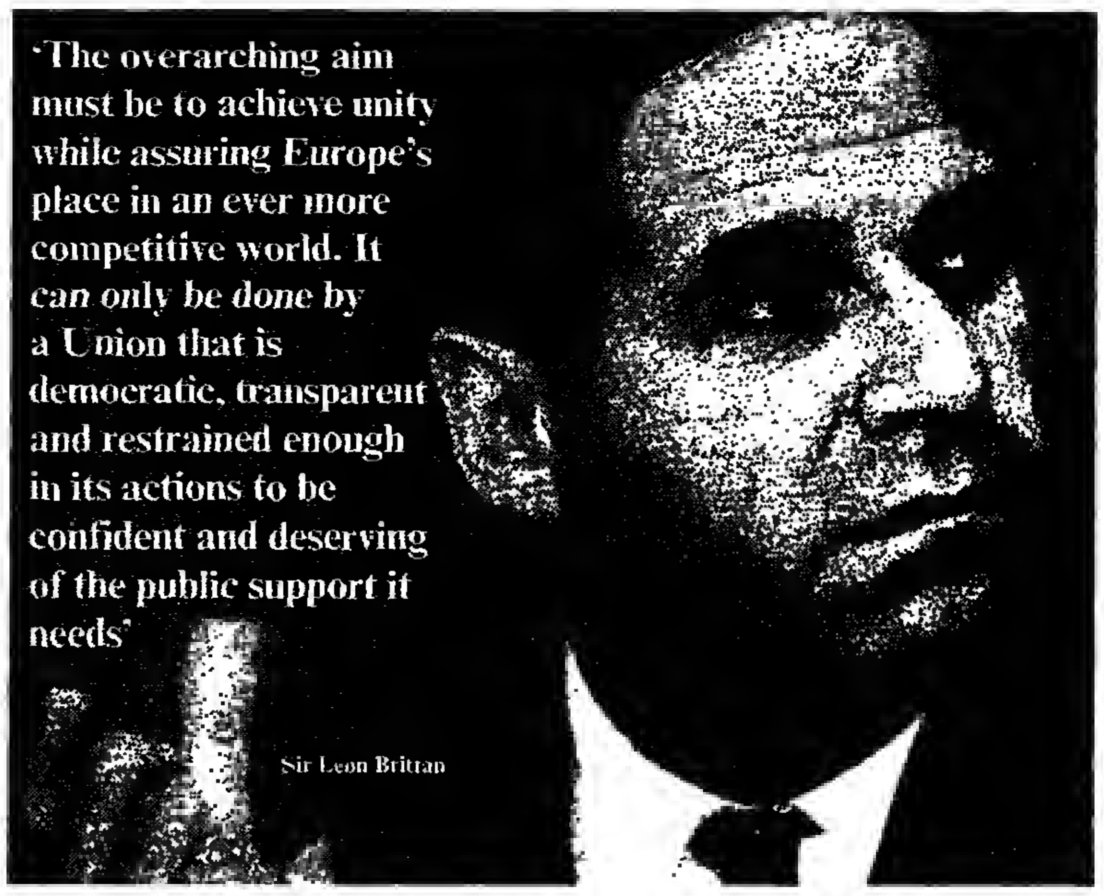
Only a detailed and dispassionate analysis of Europe's economic woes can find a common cure. This process has begun with the Commission's white paper on *Growth, Competitiveness and Employment*. It is clear the Union must pursue existing policies with renewed vigour, for example by completing the single market; loosening the grip that monopolies still hold over Europe's transport, energy and communications networks, while channelling private capital more smoothly into those networks; and ensuring that we and our competitors abide by the stringent new trade rules agreed in the Uruguay Round. We also need improved research to turn good ideas into market-beating exports; to encourage the growth of small companies and entrepreneurship; to reduce state subsidies to ailing enterprises; and to ensure more efficient spending of the Union budget, not just by quashing fraud but also by shifting staff more quickly to confront new challenges.

Of the cures, twn of the most potent are also among the most controversial. First Europe has to improve the versatility of its workforce. This does not mean neglecting health and safety or hiring and firing for short-term gain; rather, it means removing rigidities which discourage employers from creating jobs, and correcting the mismatch between the skills people learn and those thay require for the posts available. The Union itself can remove barriers to workers seeking jobs abroad; provide "marriage guidance" for industries looking for the most suitable training schemes in Europe; and help distil conflicting national views on social policy into common principles upon which European industry can rely, not through coercion but through debate. This will help governments shift their focus away from merely protecting old industries towards propagating new ones.

Secondly, the European currency crisis has not destroyed the Continental consensus in favour of a single currency, although it has shifted the debate over how to achieve it and by when. Far from exploiting their monetary freedom after the crisis, most EU countries have followed fiscal and monetary policies consistent with the approach laid down in Maastricht. In fact they have not used the greater freedom given to them by the wider band in the revised ERM. It might be, however, that the best way of achieving Emu would be to seek agreement on a trans-Union non-inflationary monetary target, and for each country to be able to lower interest rates, provided this would not risk breaching that target. This might mean more rapid emergence from recession and a pattern of exchange rates based on economic fundamentals which could, in due course, provide the basis for a single currency. That goal seems to me to be as valid and as attainable as ever, even if by slightly different means.

It is ironic that people are most tempted to spurn the European Union when their countries' need for it is greatest. Grafting a split continent back together is no mean feat, particularly when it forces radical change to the structure of the European house and brings fresh competition to an economy grappling with recession. The overarching aim must be to achieve that unity while assuring Europe's place in a more competitive world. It can only be done by a Union that is democratic, transparent and restrained enough in its actions to be confident and deserving of the public support it needs.

This article is based on Europe: The Europe we need, *a book by Sir Leon's Brittan, EU Trade Commissioner, which will be published by Hamish Hamilton on Thursday.*



Sir Leon Brittan

OBSERVER

A paradoxical business

■ If you've written one book selling 8m copies, isn't it a trifle hubristic aiming for the jackpot again? Not for John Naisbitt, 65, now circling the globe on behalf of his latest offering, called *Global Paradox*.

At 39, Naisbitt left IBM to go into consultancy. He then made his name in the 1980s with *Megatrends*, now featuring on MBA reading lists everywhere.

Global Paradox threatens to be even bigger, thanks to its teasing sub-title: "the bigger the world economy, the more powerful its smallest players". In London, where economic angst has become almost second nature, Naisbitt pooh-poohed tha suggestion that Britain has slumped to south European status but without the benefit of regular sunshine; though he does rather fancy Latin America's emerging markets.

"There's a renaissance in UK entrepreneurial activity, which isn't happening in continental Europe," he says. Quick – there goes another paradox! UK plc mounting a revival as a post-industrial emerging market.

Faring badly

■ No wonder the Tories are divided over Europe; some of them don't even know where it begins. At least that's the conclusion that might be drawn from a gaffe by Lord James Douglas-Hamilton, MP for Edinburgh West and junior minister in the Scottish Office.

He recently entertained a delegation of MPs from the far north. They were eagerly lobbying for separate tourist boards for tha Hebrides, and for Orkney and Shetland. He listened pensively and, following an awkward pause, asked: "Um, where would that leave the Faroes?"

In Denmark, surely?

Feathered friend

■ Good news for Rotherham's Liberal Democrats, now gearing up for a by-election; they are guaranteed acres of media coverage. The bad news is – they may not appreciate all the fuss.

Their choice of candidate is David Wildgoose. We haven't seen his manifesto yet but any references to "chase", "ducking issues", "flat-footed opponents" and the like should be winged immediately and sent for roasting at No 1 Southwark Bridge.

Airbus one

■ Edzard Reuter's new job as chairman of the supervisory board of Airbus Industrie is good news for the other Airbus partners – British Aerospace, France's Aerospatiale and Spain's Casa.

'If we didn't have Europe to fight about we'd have split ages ago'

One of Europe's best known and politically astute industrial managers is arriving at the helm at a time when the European consortium is facing increasing pressure from its big US rival, Boeing. It should also dispel rumours, once and for all, that Daimler was becoming increasingly disenchanted with its costly diversification into aerospace.

Only last month Daimler said that the 66-year-old Reuter, who has been with the group for 30 years, would remain chairman of its management board until the end of next year and he has been tipped to replace Deutsche Bank's Hilmar Kopper as chairman of Daimler's supervisory board.

He's a much more effective business figure than his two predecessors, Hans Friderichs, 62, a former federal economics minister, and Franz-Josef Strauss, the first supervisory board chairman who died in office.

Meanwhile, the battle for Reuter's own succession at Daimler is now on. The favourites are Helmut Werner, boss of the Mercedes car company, and his younger colleague, Jurgen Schrempp, head of Deutsche Aerospace, Daimler's aerospace arm. Observer's bet is on Schrempp getting the job.

Chic-by-jowel

■ Cleansing Italy's Augean stables of corruption has not best pleased hoteliers across the border at Switzerland'a chic Alpine resort of St Moritz. They have seen Italian tourist figures drop by more than 20 per cent during the winter season. One local tourism official reckons to know why: "Some of our best customers are in jail."

Springs eternal

■ Inspired by the Weekend FT's article on "cyberspace", the free-floating electronic community created by computer users all round the world, one colleague has made a nasty discovery. Electronic communication is even more cliché-ridden than the old-fashioned kind.

Cyber-correspondents rejoice in turning their most frequently used clichés into acronyms. Messages are spattered with jargon like GMTA ("Great minds think alike"), IMHO ("in my humble opinion"), which must have them ROTFL ("rolling on the floor laughing"). There is even an electronic counterpart to the letter writer's SWALK ("sealed with a loving kiss") – NIFOC "naked in front of computer".

Turkey poll

■ Nice to see religious neutrality creeping in to some parts of Moslem Turkey. Sunday's municipal elections for city mayors saw the local election committee of the small Istanbul district of Kuzguncuk set up polling stations in the village's Greek Orthodox Church; its Armenian church; and in one of two synagogues.

Of course, cynics might interpret it as just a way of stifling the Islamic radical vote.

Affirmative

■ Affirmative action is expected to be high on the agenda of the new South Africa. Indeed, reactionary whites have taken to referring to toyi-toyi, the victory dance of the ANC, as "affirmative aerobics" and looting as "affirmative shopping".

FINANCIAL TIMES
Tuesday March 29 1994

European chemical companies agree to co-operate on research

By Gillian Tett in Brussels and Daniel Green in London

An initiative to promote industry-wide collaboration in research and development in Europe's chemical sector is to start next month, it emerged in Brussels yesterday.

The project would mark the first attempt by Europe's chemical companies to pool their research resources to combat the growing challenge from US and Japanese rivals.

The sector has been suffering from chronic overcapacity especially in petrochemicals and bulk chemicals.

Unprofitable European manufacturing plants are being protected from closure by national governments even though their prices are deeply undercut by newer plants, especially in Asia.

European companies have repeatedly tried and failed to implement industry-wide cost and capacity cutting measures, the latest of which – to reduce ethylene manufacturing capacity – collapsed last December.

Mr Dirk Hudig, manager of European affairs for ICI, yesterday said research directors from European chemical companies would meet next month to identify areas for sector-wide research programmes.

These would probably centre on environmental research, with initiatives aimed at developing waste management technology, greater energy efficiency and sustainable production.

But another area of potential collaboration could be the use of information technology in process control, which would be relevant to a wide range of industries, Mr Hudig added.

The initial meeting is expected to be followed by two more over the next six months, and the companies hope to submit definite proposals in the autumn for a number of projects to receive European Commission funding.

Under the Commission's research programme, 50 per cent of the funding is usually provided for joint industry projects. The Commission has been keen to encourage collaboration but the chemical sector has shied away from sector-wide research.

But with the European chemical industry facing shrinking margins and mounting research development costs, there has been growing interest among producers in exploring systems of collaboration.

Mr Peter Schwarz, head of research at the Italian chemical group Enichem, said: "We believe co-operation will be a large part of operations in the future, particularly where there is a high risk of financial exposure".

The model for the co-operation, Mr Hudig said, was likely to be the co-operative research programme, which the European motor industry has run since the late 1970's, one of the few sector-wide projects.

THE LEX COLUMN

Inching forwards

The market cuffed Inchcape round the ear like an errant schoolchild yesterday after the trading company handed in some disappointing sums. The 7 per cent fall in Inchcape's shares is yet another illustration of the market's petulance: Coats Viyella, Bowater, and Wellcome have all suffered the same fate after making similarly lukewarm trading comments. Inchcape's chief bugbear is the continuing strength of the yen, which makes life awkward given the heavy reliance on Japanese goods. But the savage downturn in the European car market has also inflicted pain. Inchcape has done well to soften the blow by lifting Toyota car volumes 24 per cent in the UK. Even that success, though, was bought at the expense of higher advertising and promotion costs.

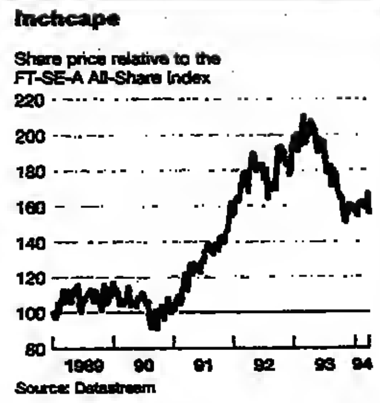
It could be argued that both these factors were exceptional and may unwind by the end of the year. But violent currency swings and regional recessions must count as an occupational hazard for an international distribution group. It is a tribute to Inchcape's management skills that a consistent string of good results has masked the unforgiving nature of its basic business.

With operating margins of about 4 per cent, Inchcape remains highly vulnerable to disappointment. The inherent volatility suggests Inchcape should trade at a discount to the market rather than the premium it has recently enjoyed. Inchcape's steady growth in China undoubtedly gives the company added long-term investment appeal. But recent austerity measures in mainland China, which have depressed car imports, argue for caution on that front, too.

FT-SE Index: 3129.5 (+0.5)

Inchcape

Share price relative to the FT-SE-A All-Share Index



Source: Datastream

GKN/Westland

The bid for Westland has always felt a bit rum. Given that the companies know each other well, have apparently got on well in the past, and agree that the dispute is over price, this is an issue which should be settled around a negotiating table. That it hasn't been perhaps reflects the large gap between what GKN is happy to pay and what Westland thinks it is worth.

Still, having pursued an aggressive route, it is now decision day for Sir David Lees, GKN's chairman. Practical considerations mean that he must launch any revised bid by Thursday morning. If Sir David pays up enough he might be able to buy enough shares in the market and have control by lunchtime. If he shoots low, he risks getting no acceptances at all. He then has to wait until 1995, when his stake will have been diluted down to 40 per cent and more Westland orders may have materialised.

How much GKN is prepared to improve its offer depends on its assessment of profits in 1996-97, rather than Westland's 1994 forecast. GKN may be mean given how hard it has been to sweet profits from its engineering business in recent years. GKN's corporate financiers are doubtless devising ways of fiddling with any settlement of Westland's long-running legal dispute to sweeten its bid. After all the rhetoric, however, it would be surprising if GKN offered much more than 320p against the 290p opener. Shareholders may put the potential for orders and profits higher. GKN's large stake makes the issue finely balanced. But without a bigger improvement, the chances are that everyone will be back to do it all again next year.

British Land

Mr John Ritblat is making steady progress through the £1bn honey-pot that is the British Land-Quantum property fund. With around 40 per cent of the fund invested following yesterday's £128m acquisition from Royal Insurance, there is no immediate pressure to come up with the next deal. The snag is that so many institutional investors have rediscovered a taste for property since Quantum arrived on the scene last summer. Royal is a rare seller, having decided that its capital would be better invested in more liquid assets.

While most life insurance and pension funds are net buyers, though, there are precious few bargains to be had. The price paid yesterday for the old Sterling Estates portfolio is hardly cheap. A yield of around 8.2 per cent demands a lot from the rag-bag of retail, office and industrial space. Even allowing for some modest increase in rents, British Land will have to bring all its management and trading skills to bear.

It is a measure of the stock market's faith that British Land has avoided the worst of the correction suffered by others in the sector this year. While Land Securities has underperformed by 12 per cent since the turn of the year, for example, British Land has merely tracked the falling equity market. Still, British Land is being coy about where the 2m shares which comprise part of yesterday's purchase price will come from. If Quantum is reducing its stake, other shareholders would have reason to take notice.

Oil

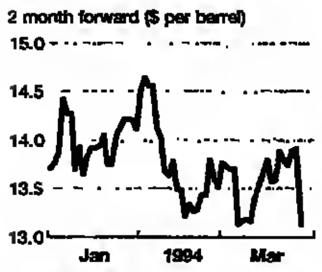
There are two ways of looking at yesterday's fall in the oil price. One is that the 5 per cent drop in Brent crude was a clear thumbs down for the Opec meeting in Geneva. The other is that, now that the chance of effective production cuts has passed, the price is simply returning to levels before that meeting. Indeed the oil price could meet some resistance to attempts to push it much below $13. At that level, oil would become increasingly competitive with coal.

The equity market erred yesterday on the side of pessimism. Shell, which thanks to its downstream strength is less affected by movements in the crude price, rose slightly. BP slipped 2 per cent, Enterprise 3. Lasmo, the most vulnerable of the production companies, has now slipped some 10 per cent since early February. Yet share valuations depend more heavily on where the oil price settles rather than on the extent of any short-run dip as a surplus builds up in the second quarter.

The share movements are more understandable in that the arguments for the promised recovery in the oil price later in the year look flimsy. Though this would reflect the usual seasonal pattern, it is hard to see Opec becoming more disciplined in the face of hardening demand. The threat of resumed Iraqi supply also hangs over the market. Perhaps, though, only a change as large as that would make the cartel willing to confront the quota issue.

Oil price

2 month forward ($ per barrel)



Source: Petroleum Argus

Opec decision hits oil prices

Continued from Page 1

Opec's nerves over the next few weeks, and that it might take as long as three months for "bearish market psychology" to be reversed.

The price will also be influenced by the actions of refiners, the main buyers of crude oil, who must decide in the next few months whether they can put off rebuilding stocks depleted by recent cold weather in the hope of lower prices in future.

Japan trade package aims to defuse tension with US

By Paul Abrahams and Emiko Terazono in Tokyo

The Japanese government today unveils a wide-ranging package of trade liberalisation measures intended to defuse tension in its relations with the US.

The programme will consist of measures to stimulate domestic demand, policies aimed at removing non-tariff import barriers and efforts to open the Japanese telecommunications, medical equipment, insurance and automotive markets to overseas competition.

Announcement of the measures follows threats by the US to impose sanctions against Japan after Tokyo refused in bilateral trade talks to adopt numerical targets for increasing imports.

Mr Morihiro Hosokawa, prime minister, told US negotiators last month that Japan would cut its record current account surplus through voluntary rather than forced measures.

Mr Hosokawa has faced severe domestic and US criticism for the failure of last month's talks, and is thought to be keen to show that his administratinn can implement policies voluntarily.

The measures, details of which will be announced in June before the Group of Seven summit, are intended to reduce the surplus by boosting the domestic economy and encouraging imports. The government's aim is thought to be to cut the surplus from 3.1 per cent of gross domestic product in 1993 to 2.8 per cent next year.

Measures include increased public works spending and extending the income tax cuts announced in February beyond their planned 12 months' life.

The policies aimed at increasing imports include deregulation, measures to enforce competition laws more effectively, steps to promote imports, and guidelines for improved transparency of state procurement.

The government intends to deregulate housing and land use, telecommunications, distribution, and financial markets. The Fair Trade Commission, the fledgling monopoly watchdog, is expected to be strengthened and its staff increased by up to 9 per cent. Import promotion measures will include tax incentives, improved customs procedures and a bigger budget for the Japan External Trade Organisation.

Particular attention is given to the four sectors seen as priorities by US trade negotiators. Public procurement of medical and telecommunications equipment will be more transparent, and a review mechanism will measure the past performance of foreign groups in this sector.

The insurance market will be partly deregulated. In the automotive and components sectors, the government will review the performance of overseas groups twice a year.

UK ready to accept deal

Continued from Page 1

Mr Major had again damaged his political authority.

Stressing the legal status of the proposed pause and its interim nature, Mr Hurd gave the impression that in practical terms the blocking minority would remain at 23 votes.

But he admitted that once efforts to secure an agreement on that basis had been exhausted, the new legal position meant that decisions could in fact be pushed though on the basis of a minority of 27.

In Brussels officials reinforced this by saying that the text of the compromise expressly excluded an open-ended discussion on decisions which were opposed by countries mustering between 23 and 26 votes in the council.

American and Delta in link-up deals with European airlines

By Paul Betts, Aerospace Correspondent, in London

American Airlines and Delta Air Lines, two of the biggest US carriers, are set to form partnerships with two European airlines.

American is expected to announce next month a marketing and ticket code-sharing deal with Lot Polish Airlines, while Delta is set to announce a similar deal with Austrian Airlines today.

Lot has been seeking a strategic partnership with a large international carrier as part of its efforts to modernise and expand its international services. The Polish carrier already operates a modern fleet of Boeing airliners.

The deal with American is not expected to involve an equity investment by the US carrier but would boost Lot's transatlantic services to Chicago and New York by enabling it to tap into American's huge US domestic network.

It is also expected to help Lot compete against British Airways for business on transatlantic routes. Britain and Poland recently settled a four-month dispute over services between the two countries.

The dispute, which led to the interruption of direct services between London and Warsaw, followed BA's decision to increase its flight frequencies to Warsaw. Lot argued that BA was seeking to siphon off transatlantic traffic from Lot through BA connecting services from London Heathrow to the US. The deal would give American a partner in the growing east European market and strengthen its marketing clout when both its two big US rivals, United and Delta, are establishing commercial partnerships with other European carriers.

United is forming a code-sharing partnership with Lufthansa of Germany, which regards the east European market as an extension of its domestic market following reunification. Delta has a cross-equity link with Swissair and is about to form a marketing alliance with Austrian.

Like American's deal with Lot, Delta's with Austrian is not expected to involve an equity investment by the US carrier.

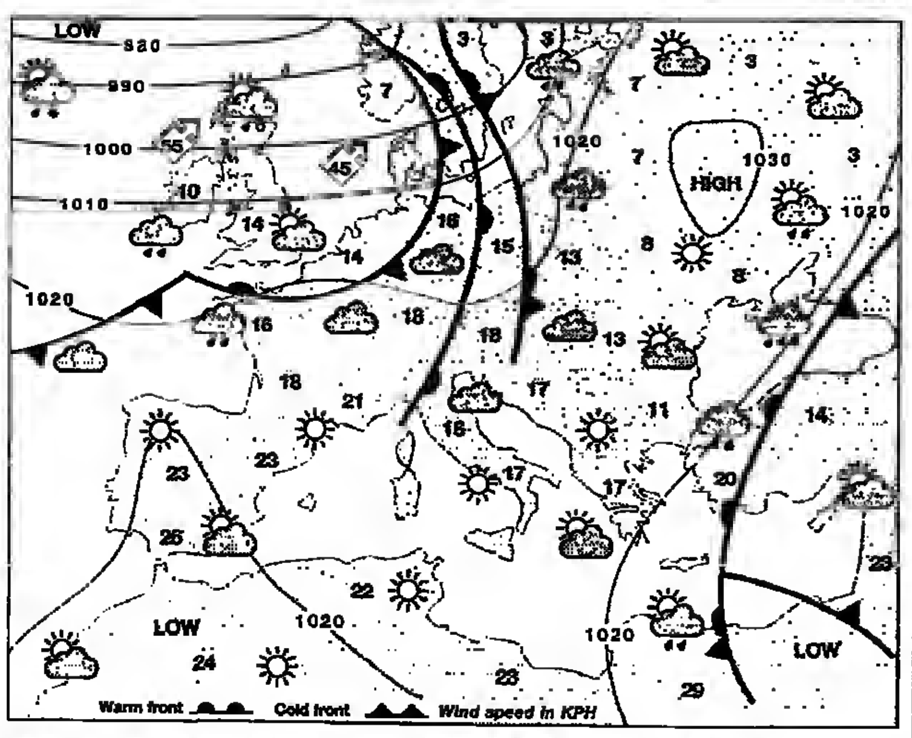
FT WEATHER GUIDE

Europe today

Frontal zones associated with a low pressure system near Iceland will cause cloudy conditions over much of northern and western Europe. Germany and France will have patches of rain and southern Scandinavia and Scotland will be showery with broken cloud. Hail and sleet will fall on higher ground. Low pressure will affect southern England and southern Ireland with some light rain or drizzle. Southern France will remain dry and sunny. Portugal, Spain and Italy will also be sunny but the eastern Mediterranean will have a mixture of showers and sunshine and strong northerly breezes. There will be broken cloud in Russia with showers developing in southern areas.

Five-day forecast

The UK will become cool and unsettled with active low pressure systems causing showery and windy conditions. There is the risk of a strong gale over the Atlantic and the northern North Sea on Wednesday and Thursday. The continent will remain unsettled, especially in France, the Benelux, Germany and Scandinavia. Further south and east, more sunshine is expected. Italy will be particularly pleasant with abundant sunshine and light winds.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	fair	27
Accra	fair	32
Algiers	fair	23
Amsterdam	cloudy	15
Athens	shower	15
B. Aires	fair	24
B.ham	shower	13
Bangkok	cloudy	36
Barcelona	cloudy	20
Beijing	sun	12
Belfast	shower	10
Belgrade	sun	16
Berlin	rain	17
Bermuda	cloudy	23
Bogota	fair	20
Bombay	sun	34
Brussels	cloudy	17
Budapest	fair	15
C.hagen	cloudy	11
Cairo	fair	30
Cape Town	sun	25
Caracas	fair	25
Cardiff	fair	12
Chicago	cloudy	3
Cologne	cloudy	19
D' Salaam	thund	34
Dakar	fair	26
Dallas	sun	20
Delhi	fair	35
Dubai	fair	27
Dublin	shower	11
Dubrovnik	sun	17
Edinburgh	shower	11
Faro	fair	21
Frankfurt	cloudy	19
Geneva	cloudy	18
Gibraltar	fair	19
Glasgow	rain	10
Hamburg	rain	14
Helsinki	fair	5
Hong Kong	drzzl	22
Honolulu	thund	26
Istanbul	cloudy	12
Jersey	rain	13
Karachi	fair	37
Kuwait	sun	26
L. Angeles	sun	22
Las Palmas	cloudy	21
Lima	fair	25
Lisbon	sun	22
London	cloudy	15
Lux.bourg	cloudy	17
Lyon	fair	20
Madeira	cloudy	18
Madrid	sun	23
Majorca	fair	22
Malta	cloudy	19
Manchester	shower	12
Manila	cloudy	32
Melbourne	fair	27
Mexico City	sun	25
Miami	thund	29
Milan	sun	20
Montreal	sleet	3
Moscow	sun	3
Munich	cloudy	18
Nairobi	thund	27
Naples	sun	19
Nassau	fair	29
New York	rain	6
Nice	sun	17
Nicosia	shower	20
Oslo	rain	10
Paris	cloudy	18
Perth	cloudy	22
Prague	shower	18
Rangoon	cloudy	34
Reykjavik	sleet	3
Rio	cloudy	23
Riyadh	sun	27
Rome	sun	19
S. Frsco	fair	18
Seoul	fair	5
Singapore	thund	31
Stockholm	cloudy	7
Strasbourg	cloudy	20
Sydney	shower	24
Tangier	fair	20
Tel Aviv	fair	27
Tokyo	cloudy	11
Toronto	sleet	2
Tunis	fair	22
Vancouver	shower	14
Venice	cloudy	17
Vienna	sun	17
Warsaw	rain	14
Washington	rain	9
Wellington	rain	14
Winnipeg	fair	2
Zurich	cloudy	18

FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

Bertelsmann seeks Disney deal

Bertelsmann, the German media group, hopes to sell Walt Disney a 49 per cent stake in Germany's Vox television channel, which will go into liquidation on April 1 unless the holding can be sold. Page 20

Holliday Chemical buys Reckitt's blue
Holliday Chemical, the UK industrial dyes company, is buying one of Britain's oldest chemicals businesses from Reckitt & Colman, the consumer products group. Reckitt Colours International has been making synthetic ultramarine for use in clothes laundering since 1883. Page 20

Ford's global car faces US test
Ford Motor's $6bn programme to create a "global car" reaches an important test tomorrow when an American version of the vehicle is unveiled at the New York Automobile Show. Page 22

GKN criticises Westland forecast
GKN, the engineering and industrial services group, has stepped up its pursuit of Westland after the helicopter company admitted its operating profits would decline this year. Page 26; Lex, Page 18

Royal Doulton sales at four-year high
Royal Doulton shares rose 8 per cent to 253p as the fine china manufacturer made its first profits announcement as an independently quoted company and revealed that sales were running at their highest levels for four years. Page 26

House of Fraser in demand

House of Fraser, the 56-store department store group, said yesterday the public element of its flotation was 2.2 times subscribed. Page 27

British Land buys property portfolio
British Land yesterday announced a £128m acquisition of a property portfolio from Royal Insurance, the composite insurer. The portfolio, known as Sterling Estates, consists of 167 properties spread throughout the UK. Page 28; Lex, Page 18

Mexican rise surprises
Although big global bourses fell last week, Mexico gained more than 6 per cent, in spite of Wednesday's assassination of the governing party's presidential candidate, Mr Luis Donaldo Colosio. Back Page

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Daimler-Benz	876.5	+	24.5
Degussa	532	+	17
Kali & Salz	150	+	7
Mercedes	876	+	25.5
Volkswagen	509.5	+	10.2
Falls			
KHD	144.2	–	6.5
NEW YORK ($)			
Falls			
Allied Signal	36⅝	–	1⅛
Amer On-Line	78¼	–	6¾
Comp Assoc Intl	32⅝	–	3½
Micron Tech	81¼	–	4½
Mobil	78¾	–	1¾
Natl Semi	20¼	–	1
PARIS (FFr)			
Rises			
Carnaud Mts Bx	192.5	+	5.9
CCF	253.4	+	8.4
Elf Aquitn Cts	359.5	+	21.3
Falls			
EBF	866	–	25
Finextel	153.1	–	6.9
Gaumont (St N)	882	–	38
TOKYO (Yen)			
Rises			
NEC	1150	+	50
Nintendo	6820	+	410
Shinwa Kaiun	321	+	30
Showa Alum	510	+	40
Falls			
Daido Steel	446	–	22
Godo Shusei	540	–	20

New York prices at 11.30.

LONDON (Pence)			
Rises			
Acorn Computer	70	+	7
Anglian Water	512	+	14
Blenheim	348	+	13
Delaney	13½	+	1¼
London Elec	600	+	29
Pearson	666	+	31
Roxboro	248	+	15
Royal Doulton	253	+	18
Rutland Trust	39	+	3
Simons	155	+	10
Steel Burrill	129	+	10
T & S Stores	194	+	9
Falls			
Blagden Inds	127	–	28
Bluebird Toys	730	–	20
EBC	55	–	4
Forth Ports	489	–	16
Holliday Chem	201	–	8
Inchcape	515	–	37
Manchester Utd	639	–	30

Volvo seeks to alter BCP bid offer

By Hugh Carnegy in Stockholm

Volvo, Sweden's biggest manufacturer, yesterday faced more fallout from the collapse of its merger with France's Renault. It is in the awkward position of having to put to its shareholders terms for the full takeover of a subsidiary which it believes are too generous.

The dilemma concerns the consumer products group BCP, which Volvo last year agreed to take over in a deal with the government on the break-up of Procordia – jointly controlled by Volvo and the state. Procordia was split into BCP and Pharmacia, a pharmaceuticals company still controlled by the government.

Taking over BCP, a strongly profitable company, and holding a residual 25 per cent shareholding in Pharmacia were two key elements in a plan by former Volvo chairman Mr Pehr Gyllenhammar to huild a diversified Volvo following tha merger of its car and truck operations with Renault.

The new Volvo board is committed to the BCP and Pharmacia investments, despite the collapse of the Renault deal. But it wants to change the terms of its bid for the 26 per cent of BCP that it does not already hold because a surge in Volvo's share price of more than SKr200 since the Renault merger was scrapped has left it open to paying almost 50 per cent more than it intended when it made the bid last October.

In the first of three alternatives, Volvo offered one new Volvo share for six BCP shares, valuing BCP shares at SKr71 each. The same offer now values BCP shares at SKr104 each, which one Volvo executive described as "definitely too generous". The original cash alternative was set as low as SKr47 per BCP share.

These terms were never voted on by Volvo shareholders because they were to have heen put to the same emergency meeting planned to vote on the Renault merger. That meeting never took place. But the Swedish Securities Council has now ruled that Volvo must present the original terms to its shareholders unaltered at next month's annual meeting.

The new Volvo board will, therefore, be in the strange position of putting a proposal formulated by the old board to their shareholders – and hoping it will be rejected so a new hid for BCP can be formulated. Volvo also announced a five-for-one share split yesterday, reducing the par value of the shares to SKr5 from SKr25 to facilitate trading hy small shareholders. Volvo's most-traded B share responded to the day's news by rising SKr5 to SKr630.

Horsham ploughs C$600m into ailing Trizec

By Bernard Simon in Toronto

Horsham, the investment group controlled by Canadian entrepreneur Mr Peter Munk, has cast a vote of confidence in the North American property market by agreeing to invest C$600m (US$440m) in Trizec, the continent's biggest puhlicly traded property developer.

Horsham will acquire a stake of at least 43 per cent in Trizec, ousting Toronto's Bronfman family as the controlling shareholder. The deal is conditional on a capital restructuring begun by Trizec last August, involving abont C$1.5hn of its C$4.8bn debt.

The agreement marks another step in the rapid decline of the Bronfman empire, once a colossus of Canadian business. Over the past 18 months, it has lost control of flagship assets in forest products, brewing, financial services and packaging.

With a war chest of more than US$1bn, Horsham has sought an investment to complement its controlling interests in American Barrick, the Toronto-based gold producer, and Clark Refining and Marketing, a US midwest oil distributor.

Horsham said yesterday Trizec's prospects would be enhanced by access to its financing expertise and international contacts. Trizec has stakes in 85 properties, mostly offices and shopping malls, covering 54m sq ft. More than three-quarters of its properties are in the US.

Debenture holders and other creditors have so far rejected Trizec's restructuring proposals, and have threatened to demand accelerated payment of their securities. The company this month ohtained a court order preventing senior debenture holders from enforcing their rights pending the outcome of talks with Horsham.

Horsham will advance an initial C$500m, which will be used to retire a significant portion of Trizec's senior debentures. The remaining C$100m will comprise 50 per cent of a planned C$200m rights offering.

Trizec will also issue warrants exercisable for 20 per cent of the new shares over four years. Horsham will take up 43 per cent of the warrants. Trizec expects to draw np a new debt-restructuring proposal by the end of April, with the aim of putting it in place by June 30.

Mr Kevin Benson, Trizec's chairman, said yesterday the deal would allow Trizec to offer shares to some debenture holders, bnt to offer "a substantial portion of cash" to others who have been reluctant to accept equity in exchange for their debt securities.

Inchcape profits hit by strength of the yen

By Maggie Urry in London

Inchcape shares fell 37p to 515p yesterday after it reported 1993 profits adversely affected by the yen's strength and weak demand in many markets.

Analysts reduced profit forecasts after Sir David Plastow, chairman, suggested 1994 would be another difficult year.

Sir David said tha weakness of economies in continental Europe and Japan, as well as austerity measures in China, had affected demand. Inchcape acts as a distributor and retailer of cars, consumer goods and business products.

He said that on average the yen had risen 26 per cent during 1993 against currencies that mattered to Inchcape.

Of 1994, Sir David said, "most of the factors that made 1993 such a challenging year still remain". He said Inchcape did not expect a marked recovery in the business climate.

Mr Rod O'Donoghue, finance director, said the unexpected strength of the yen cost the group £13m ($19m), as the beneficial translation effect was more than offset by the impact on Inchcape's sales of Japanese cars.

Inchcapa said that although Toyota, tha main brand it sells, had increased market share around the world, volumes had fallen in many areas. Operating profits from motors rose 7 per cent to £177.5m thanks to retailing strength.

Profits from marketing dropped 7 per cent to £58.2m. The group won more agencies than it lost, hut the eoding of the Rolex and Nike franchises had affected profits. Profits from services, such as insurance and shipping, rose 27 per cent to £53.9m.

The group has yet to decide whether to exercise its option to buy Gestetner convertibles which expires oo July 1. With a 14.6 per cent stake already, Inchcape could end up with 23.6 per cent.

Profits before tax rose 8.5 per cent on an FRS3 basis to £271.4m, but were 4.4 per cent higher on a "normalised" profit of £263.3m, excluding exceptional items but including property profits which rose from £3.2m to £10.9m.

Earnings per share on an FRS3 basis rose 9.4 per cent to 33.9p. A final dividend of 9p (8.35p) makes a total of 14.8p, up 7.6 per cent.
Lex, Page 18; Details, Page 28

Kenneth Gooding reports on the speculative forces driving up the metal's price

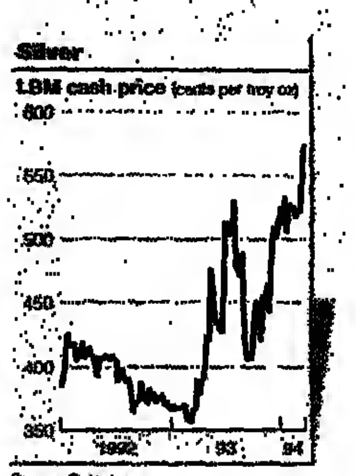
US funds bite the silver bullet

Up, up and away in the silver market

Silver supply and demand

Supply (tonnes)	1992	1993
Mine output	11,649	10,994
Scrap recovery	2,270	2,300
Eastern bloc sales	60	650
Total	[illegible]	[illegible]
Demand		
Indian imports	1,125	2,800
Fabrication	13,080	12,915
Total	[illegible]	[illegible]
Balance	-226	-1,771

Source: CRU International



Source: Datastream

The silver market has long heen a favourite playground for speculators. Now the same big speculative US commodity funds that drove up the gold price this time last year have joined in the fun.

The funds' objective, say some traders, is to push silver's spot price from this year's low of $4.90 a troy ounce to $8. Their first target is $6 an ounce, which they might achieve this week. "If the funds want to take the price to $6, $7 or $8, they can take it there. They have the money," says Mr George Milling-Stanley, ananalyst at Lehman Brothers.

US hedge funds are rumoured to have spent $1bn to buy physical silver which they have moved from the New York Commodity Exchange (Comex) to vaults in Delaware to give the impression that Comex stocks are falling because of heavy demand. Since October Comex silver stocks have dropped by abont 30m ounces, or about 11 per cent. Dealers suggest the funds are willing to spend another $1bn. At present prices, $1bo would buy about three quarters of the Comex stockpile.

For some traders this brings back memories of when speculators had tonnes of the matal moved out of Comex stocks into trucks that simply drove up and down New York streets until stocktaking was completed. Then the silver went straight back to Comex.

The silver market was also the scene of the most audacious, and ultimately disastrous, gamble hy the Hunt family of Texas. In 1979 Mr Bunker Hunt, whose family had built an oil fortune, and some Arab partners attempted to corner the silver market by amassing nearly 200m ounces, about half the world's deliverable silver – then worth $6.6bn. In less than a year, silver rose from $6 an ounce to just over $50. But in early 1980 the price began to slide, the Hunts could not meet their margin calls and had to be bailed out by their bankers. Their initial losses totalled $1hn and eventually the catastrophe helped drive the Hunt businesses into bankruptcy. The massiva stocks of silver flushed out by the high prices have loomed ominously over the market ever since.

"Bunker Hunt and others caused mayhem in the silver market that lasted for years," says Mr Andy Smith, analyst at Union Bank of Switzerland. "Silver hullets have a history of backfiring and the consequences are often bloody." It has been said that the US funds were attracted to the silver market hy its volatility – it is possible to double the price in a year, something that cannot be achieved with gold. "But silver has also been known to halve in price in a year," says Mr Smith.

Mr Milling-Stanley points out that, whereas the funds' attack on the gold price came when there was record demand for the physical metal, this is not the case with silver. "I talk to consumers every day and they are not buying more silver."

Most silver is used for photographic or X-ray film and demand has held up reasonably well during the recession, helped by cheap disposable cameras that need more silver in the film. Industrial demand for silver remained stable at about 13,000 tonnes last year, according to the CRU International research organisation.

Navertheless CRU estimatas that demand outpaced supply by 1,771 tonnes last year, helped hy an upsurge in imports to India. Following some easing of import restrictions, India imported 2,800 tonnes of silver in 1993 compared with 800 tonnes the previous year.

Mr Tony Warwick-Ching of CRU, suggests the long-term outlook for silver has improved. But he estimates there is still 10,000-15,000 tonnes of silver in stocks worldwide, enough to satisfy demand for at least a year.

He pours cold water on the US funds' hopes that Indian demand will remain at record levels even if prices rise. Demand from India dropped dramatically when the silver price reached $5 an ounce receotly. "And India could start selling again. India exported a great deal of silver when the price boomed in the late 1970s."

Mr Ted Arnold, analyst at the Merrill Lynch financial services group, agrees. "India has a long history of dishoarding precious metals, particularly silver, when overseas prices are attractive."

Mr Arnold is advising clients to "stand aside for the time being and watch and see just how high silver prices can be pushed hy the funds and other investors and speculators. The higher prices go, the more certain we can be that there will be a massive supply response and prices will fall back."

Dealers suggest that the US funds' are using their financial muscle to drive up the silver price, hoping this will attract the attention of ill-informed private investors. Once there are enough of these on the bandwagon, the funds can exit with their profits. One dealer says: "The big fish are making a lot of noise to attract in the tiddlers so that the big fish can then swim off with their spoils."

And after that? Mr Milling-Stanley says that when the funds take their profits, he would not be surprised to see silver's price drop below $5 an ounce again.

Pearson up 38% following concentration on media

By Raymond Snoddy

Pearson, the publishing and information group, yesterday marked its transformation from conglomerata to media group with pre-tax profits of £208.6m for 1993, a rise of 38 per cent.

Although the comparison is with a poor 1992, when profits fell 16 per cent to £151m, all the main Pearson businesses showed increases in operating profits.

Tha figures also included a £20m write-down on the headquarters of the Financial Times, bought for £74m at the height of the property boom.

Lord Blakenham, chairman of Pearson, warned yesterday that although 1994 had started strongly, it was "a year of transitioo". The group would not have the benefit of the profits from the demerged Royal Doulton china group and would have more modest dividends from Camco, the oil services company, after the sale of a majority stake.

He emphasised that, whila continuing to build on the written word, the company would continue to put more money into screen-based businesses.

The pre-tax profits of £208.6m were earned on sales up 12 per ceot, from £1.15bo to £1.28bn. Earnings per share emerged at 27p (19.3p) on an FRS3 basis, or 27.9p (17.3p) excluding exceptionals. The recommended final dividend of 7.625p raises the total by 1p to 13p.

Pearson wrote back a £71.4m provision made in 1990 for its investment in British Sky Broadcasting (BSkyB), the satellite television venture that has oow moved into operating profit. This was largely offset by a loss of £66.2m on the sale of a 55 per cent stake in Camco.

Books performed well with a rise in operating profit from £80.4m to £102m and newspapers rose from £31.1m to £48m. The FT Group, including Les Echos in France, increased pre-tax profits by 12.1 per cent to £42.3m with tha FT newspaper showing underlying growth of 14 per cent.

Visitor attractions, such as theme parks, increased operating profit from £12.2m to £15.8m and investment banking was up from £23.7m to £36.4m.

The London stock market, which has knocked more than 100p off Pearson shares in recent weeks as some of the froth has been hlown off the media sector, reacted well to the results and the shares finished 31p up at 666p.
Multimedia division, Page 26

Horsham pays C$600m for controlling stake in Trizec

By Bernard Simon in Toronto

Horsham, the investment group controlled by Canadian entrepreneur Mr Peter Munk, has cast a vote of confidence in the North American property market hy agreeing to invest C$600m (US$454m) in Trizec, the continent's biggest publicly-traded real estate developer.

Horsham will acquire a stake of at least 43 per cent in Trizec, ousting Toronto's Bronfman family as the controlling shareholder. The deal is conditional on completion of a capital restructuring which Trizec began last August, involving about C$1.5bn of its C$4.8bn deht.

The agreement marks another step in the rapid decline of the Bronfman empire, which was once the colossus of Canadian husiness but has lost control over the past 18 montbs of flagship assets in the forest-products, brewing, financial-services and packaging sectors.

With a war chest of more than US$1bn, Horsham has been looking for an investment to complement its controlling interests in American Barrick, the Toronto-based gold producer, and Clark Refining and Marketing, a US mid-west oil distributor.

Horsham made a foray into the German property market three years ago hy buying a large commercial site on the ontskirts of Berlin. However, development has been slower than expected.

It said the investment in Trizec was based on a view of the company's long-term prospects. Trizec's future would be enhanced hy access to Horsham's international contacts and its expertise in innovative financing techniques.

Trizec has stakes in 85 properties, mostly office buildings and shopping malls, covering 54m sq ft. More than three-quarters of its properties are in the US.

Debenture holders and other creditors have so far rejected Trizec's restructuring proposals, and have threatened to demand accelerated payment of their securities.

The company this month obtained a court order which prevented senior debenture holders from enforcing their rights pending the outcome of talks with Horsham.

Horsham will advance an initial C$500m, which will be used to retire a large portion of Trizec's senior debentures. The remaining C$100m will comprise 50 per cent of a planned C$200m rights offering, whose proceeds will be used to strengthen Trizec's balance sheet.

Trizec will issue warrants exercisable for 20 per cent of the new shares over four years. Horsham will take up 43 per cent of the warrants.

Trizec expects to draw up a new deht-restructuring proposal by the end of April, with the aim of putting it in place by June 30.

Mr Kevin Benson, Trizec's chairman, said yesterday the deal would allow Trizec to offer shares to some debenture holders, but to offer "a substantial portion of cash" to others who have been reluctant to accept equity in exchange for their debt securities.

The company indicated it would ask the courts for a further period of protection from dehenture holders while it draws up an information circular and arranges votes by various classes of creditors and shareholders.

US carriers line up European partners

By Paul Betts, Aerospace Correspondent

American Airlines and Delta Air Lines, two of the biggest US carriers, are poised to form partnerships with European airlines.

American is expected to announce next month a marketing and ticket code-sharing deal with Lot Polish Airlines, while Delta is to annonce a similar deal with Austrian Airlines today.

Lot has been seeking a strategic partnership as part of its efforts to modernise and expand its international services. Lot operates a modern fleet of Boeing airliners.

The deal with American is not expected to involve an equity investment hy the US carrier, bnt would lift Lot's transatlantic services to Chicago and New York by enabling the Polish carrier to tap into American's large domestic network.

It is expected to help Lot compete against British Airways on transatlantic routes.

The UK and Poland recently settled a four-month dispnte over air services. The row, which led to the interruption of direct services between London and Warsaw, followed BA's decision to increase its flight frequencies to Warsaw. Lot argued that BA was seeking to syphon transatlantic traffic from Lot through BA connecting services from London Heathrow to the US.

For American, the Lot deal would give it a partner in the growing east European market and strengthen its marketing clout when both two big US rivals, United and Delta, are establishing partnerships with European carriers.

United is forming a code-sharing partnership with Lufthansa of Germany, which regards eastern Europe as an extension of its domestic market following reunification. Delta has a cross-equity link with Swissair and is about to form a marketing alliance with Austrian.

Delta's deal with Austrian is not expected to involve an equity investment by the US carrier.

Porsche manoeuvres for space

John Griffiths and Christopher Parkes look at the German carmaker's attempts to carry on the battle with the Japanese

In Stuttgart lies a battered Porsche in a pool of red. It is not a car but the company.

Porsche, whose products have been synonymous with the words sports car since the first 356 model rolled out of its Zuffenhausen plant in the 1950s, has been losing money heavily in the past three years. Its annual sales have plunged from a peak of 50,000-plus in the late 1980s to just over 14,000 last year.

However, Dr Wendelin Wiedeking, the chief executive, insists not only that the damage is mostly superficial but that, refuelled hy the DM200m ($118m) rights issue launched earlier this month it will soon be once again zooming along at the head of the world sports car pack.

"Porsche is not going to leave the world sports car market to the Japanese," he says.

Bald statistics suggest Porsche has not been having much choice in the matter.

Last year it built just 12,500 cars compared with 50,000 in the mid-1980s. It sold 14,300; so at least surplus stock was being mopped up. But it is a measure of decline that to the US, the world's most important sports car market, only 3,700 were sold compared with peaks of 30,000.

Its half-year results show that its car sales are at last turning up – the increase was 19 per cent over the year-ago period. Even so, when the current financial year ends in July, Porsche will have lost DM450m since 1991.

It took nearly a decade for the world at large – or at least that portion of it with cheque books fat enough to warrant an interest – to conclude Porsche was the sports car market's emperor without clothes.

Through most of the 1980s, as the whizz-kids of the financial markets in their thousands swelled Porsche's more traditional – and historically much smaller – customer base, it enjoyed cult status, based on the entirely solid foundations of its proud competition record and high quality. Two-thirds of all Porsches ever made are claimed still to be operational.

However, Porsche began to believe the hype. Even in the enthusiast motoring press, it was getting away with making minor changes to its three-model range, grandiosely proclaiming them to be new and receiving an uncritical, adulatory response.

Development of the fundamentally new products which are any car maker's long-term survival ticket languished, eventually the respected *Car* magazine commented: "For the first time in my life Porsche is no longer interesting. Porsche is quite literally an *also-ran*. A maker of terribly old cars."

However, Dr Wiedeking is adamant that Porsche will escape the fate towards which previous management policies were leading it: a retreat ever further upmarket into more expensive products and dwindling volumes until there was nowhere left to run.

A new two-seater, the Boxster, is to be launched in 1996 selling for DM70,000 to DM80,000 – the sports car market heartland where Japan is enjoying most success.

The Boxster, predicts Dr Wiedeking, will achieve 16,000 sales a year. The 996, successor to the 30-year-old 911, will be launched a year later. Together, he insists, they will make Porsche a viable producer of about 30,000 cars annually investing regularly in new products – the lack of which has been at the core of Porsche's malaise.

Finances will be further underpinned by assembling cars for other manufacturers, already being done with Mercedes and Audi. Some 2,000 will be built this year and the practice is to become a fundamental profit centre, with talks also currently going on with non-German car makers.

In this scenario, continued independence under the Porsche and Piech families would be assured, Dr Wiedeking maintains.

Introducing the two new Porsche models will cost DM1.5bn. That Porsche is rich enough to do so – helped by the impending DM200m rights issue – is itself a pointer to past under-investment.

Dr Wiedeking has spent little more than a year in the job. But he has replaced almost the entire board, stripped top management from six to four layers, reorganised the global sales organisation and ejected or redeployed about a third of the management structure.

"He has put a bomb under the whole organisation and even admits to having changed senior managers' functions for no reason other than to make them feel uncomfortable", observes Mr Nick Snee, analyst with SG Warburg.

Dr Wiedeking talks confidently of returning to break-even next year and of decent profits hy 1997.

However, according to Mr Uwe Loos, production director, "we have to use the crisis to change things, not just saw off heads". Much of a 30 per cent costs cut since 1991 has come from almost 2,000 job cuts. But Mr Loos is counting on the rapid establishment of a continuous improvement mentality to generate enduring competitive benefits.

Component costs have to be brought down by an average 30 per cent and supplier numbers from 900 to about 300. That process is going ahead ruthlessly. Porsche says it wants change through partnership. But of 190 suppliers who have already been reassessed, 144 have been shown the door.

According to Mr Loos, new suppliers have cut the cost of instrument panels and front seats by 30 per cent and 15 per cent respectively. Production time for a 911 is almost 30 per cent lower than in mid-1991. The current 85 man-hours per car (50 among Japanese rivals) is to be cut to 60 hy 1995.

Most visible change is on the Zuffenhausen factory floor, where advisers Shin-Gijutsu, led hy Toyota's former top engineer, Mr Yoshiki Iwata, have had free rein to make improvements. Dr Wiedeking maintains that workers are backing rationalisation unreservedly, after initial scepticism, and producing "amazing" results.

The new management's concern is to embed the philosophy of continuous improvement firmly enough to ensure that it will survive – even if, as it suspects, the workforce becomes less flexible when the worst of the crunch is past.

Arbed sells holding in cement group

By Gillian Tett in Brussels

Arbed, the Luxembourg steel manufacturer, is to sell its 50.05 per cent stake in Ciments Luxembourgeois to the German company Dyckerhoff.

Arbed refused to reveal how much the German company, which currently owns 17.5 per cent of Ciments Luxembourgeois, had paid for the stake. But it said that Dyckerhoff would now be seeking to pursue a policy of "modernisation and expansion" for the Luxembourg cement company.

Arbed yesterday unveiled a total consolidated loss of LFr5.7 bn ($158.3m) for 1993, compared to a loss of LFr2.9bn in 1992. The group loss, excluding minorities, was LFr4.7bn, against LFr2.9bn the previous year.

Bertelsmann offers Vox shares to Disney

By Michael Lindemann in Bonn

Bertelsmann, the German media group, is hopeful of selling Walt Disney a 49 per cent stake in Germany's Vox television channel, which will go into liquidation on April 1 unless the holding can be sold.

"The main negotiations are being conducted solely with Disney," said Mr Manfred Harnischfeger, a spokesman for Bertelsmann, adding that a decision has to be reached by Friday.

Vox went on air in January 1993 with more than 300 employees, bnt its mix of films, current affairs and news made no inroads on viewing figures and for months the future of the Cologne-based channel has hung in the balance.

A collapse of Vox would be a blow for Bertelsmann, one of the world's largest media groups, which holds a 24.9 per cent stake to the venture. The failure of Vox would also be the first set-back for Mr Mark Wössner, Bertelsmann's chief exective and until now regarded as one of Germany's most successful businessmen.

If the Disney deal goes ahead, the remaining 26.1 per cent would be held on trust for future disposal. Under broadcasting laws, Bertelsmann is unable to raise its stake in Vox because it already owns significant stakes in the highly-successful RTL channel and in Premiere, Germany's first pay-TV channel.

Vox shareholders are estimated to have lost about DM360m ($204.5m) in 1993 and stand to lose a total of DM630m if the channel goes into liquidation.

Oerlikon-Bührle jumps 69% despite sales drop

By Ian Rodger in Zurich

Oerlikon-Bührle, the Swiss armaments, engineering and retailing group, has reported a 69 per cent jump in net income to SFr63m ($43.4m), continuing its recovery from six years of losses to 1991.

The recovery was achieved in spite of a 16 per cent drop in consolidated sales and a 37 per cent slide in operating profit to Sfr147m. These declines were mainly due to delays in deliveries of Contraves anti-aircraft missiles and Pilatus trainer aircraft.

Oerlikon said it reduced its deht during the year by SFr258m to SFr1.18bn, and net financing costs were halved to SFr64m.

The directors said the finances of the holding company had been restored so it should be able to secure formal approval for dividend payments to be resumed next year.

The last year for which the group paid dividends was 1985.

● Forbo, the leading European floor and wall coverings maker, said consolidated net income rose 20 per cent last year to SFr55.4m in spite of a 5 per cent slide in sales to SFr1.7bn.

Sales were down in all European countries except Germany, where they were flat, and Belgium, where they were up 4 per cent.

Concentration on higher margin products, cost-cutting, stable raw material prices and falling interest rates all contributed to the growth in profits.

Forbo said prospects for 1994 were "promising" and it continued to seek further geographic expansion of its core activities.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading on 28.3.94 Pool purchase price £/MWh	Final Prices for Trading on 01.3.94 Pool purchase price £/MWh	Pool selling price £/MWh
0030	10.79	16.38	16.38
0100	10.55	16.40	16.40
0130	10.89	16.43	16.43
0200	10.37	16.43	16.43
0230	15.64	16.40	16.40
0300	15.64	16.40	16.40
0330	15.63	16.40	16.40
0400	15.63	16.38	16.38
0430	10.88	16.32	16.32
0500	10.83	16.30	16.30
0530	10.86	16.06	16.06
0600	10.89	16.06	16.06
0630	15.76	16.22	16.22
0700	15.75	16.52	19.99
0730	20.16	16.80	20.27
0800	17.92	16.84	20.31
0830	20.17	17.02	20.43
0900	20.17	17.35	20.82
0930	20.16	17.02	20.50
1000	20.16	17.72	21.19
1030	20.16	17.72	21.19
1100	17.92	17.72	21.19
1130	17.82	17.72	21.19
1200	20.16	17.72	21.19
1230	20.16	17.72	21.19
1300	20.16	17.35	20.82
1330	17.81	17.36	20.82
1400	17.91	17.35	20.82
1430	16.14	17.02	20.49
1500	16.14	17.02	20.49
1530	16.14	16.48	16.48
1600	16.14	17.04	20.51
1630	17.91	18.47	21.97
1700	17.91	20.81	24.40
1730	17.91	33.53	37.17
1800	17.81	33.77	37.48
1830	16.14	25.76	29.42
1900	15.70	25.55	29.14
1930	15.79	20.56	24.08
2000	16.14	18.24	21.72
2030	15.57	17.02	20.49
2100	16.14	17.01	20.48
2130	16.14	16.41	16.41
2200	16.14	16.33	16.33
2230	15.70	16.20	16.20
2300	16.82	16.04	16.04
2330	10.89	10.82	10.82
2400	10.83	10.80	10.80

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.89/MWh becomes 1.889p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0800-464738 between 8.30am and 5.15pm Monday to Friday.
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Ford adds Mystique to its $6bn global ambitions

Martin Dickson reports on the launch of the carmaker's attempt to repeat its European success

Ford Motor's $6bn programme to create a "global car" – one which can be sold successfully in markets around the world – reaches an important test tomorrow when an American version of the vehicle is officially unveiled at the New York Automobile Show.

The global car, some six years in the making, was introduced first in Europe, where it went on sale last year under the name Mondeo. It was a big hit.

The Mondeo was named 1994 European car of the year by a panel of motoring journalists and it has been the best-selling vehicle in its class each month since the launch.

The question now is whether Ford can repeat this success in the far more crowded and competitive US car market, where the global car will be known as the Ford Contour (the version being launched in New York) and the Mercury Mystique, and will square up against strong selling mid-sized vehicles such as the Nissan Altima and Pontiac Grand Am.

A lot may be riding on the answer. For if the Contour is successful, it may encourage Ford to repeat its global vehicle experiment – shrugging off criticism in the motor industry about the high cost and long time spent developing this first vehicle.

While the car is rather conservatively styled, many analysts think it will sell well. Mr Christopher Cedergren, of the Auto Pacific consultancy, says the Contour offers good "driveability" (ride and handling), refined fitments and should be attractively priced. "I think it will do fine. Ford might even need to put extra capacity in place."

The company is planning to sell around 300,000 units a year in North America, from plants in Kansas City, Missouri and Cuautitlan, Mexico, on top of some 400,000 in Europe. In all, it aims to sell nearly 800,000 a year in 59 countries around the world.

Whatever the outcome, Ford is hailing the global car programme as an important step in the company's transformation from a multi-national company – one which is in many markets around the world, but serves them independently – into a globally integrated business, which makes the best use of its resources on a worldwide basis.

Traditionally, the world's leading car manufacturers have made a vehicle for one particular market – the US, Japan or Europe – and to the extent the vehicle has been sold abroad, it has been later modified to cope with differing tastes and government-imposed safety and emission standards. Many companies have toyed with the idea of building a global car because in theory it promises some big savings: manufacturers do not have to duplicate design and engineering for different markets, while the larger volume brings economies of scale.

None, however, has gone so far as Ford. Ford of Europe was primarily responsible for the basic engineering of the car and integrating all its components and sub-systems. Its new V6 engine and automatic transmission were engineered in the US, which also provided air conditioning expertise. The design originated from four design centres – one in Italy, one in Germany and two in the US.

The Contour: much rides on Ford's challenge in the US market

This international co-operation imposed huge logistical problems, solved by the establishment of a complex video-conferencing system and by the purchase of a Cray supercomputer, which allowed engineers on either side of the Atlantic to work on drawings simultaneously.

Around 90 per cent of the parts of the vehicle that the driver does not see – such as the underbody, suspension and powertrain – are common to both the European and US versions, although significant changes were made to the visible parts, to cope with differing European and American tastes.

Mr John Oldfield, the Briton who was project manager for the programme, says "each car has more features to satisfy customers than if it had been designed only for one market".

Ford says another benefit of the project has been a big improvement in its global sourcing of parts. The project has only 227 suppliers, compared with over 700 for the Tempo and Topaz models which it replaces in the US, and Ford signed long-term supply contracts with them early in the Mondeo/Contour programme.

Mr Oldfield say the experience so far "gives us a lot of confidence that (the theoretical) cost reductions from global programmes are real".

The start-up of production in Kansas City is also proceeding more smoothly than previous launches, since Ford is drawing on the experience of 38 engineers, brought over from Europe, who were involved in the Mondeo start-up there.

However, the six years spent developing the car is long by world standards. Ford, for example, normally aims to get new vehicles on the street in 24 to 48 months.

The company says this was due to the steep learning curve on the Mondeo and its next world car will be developed much more rapidly.

Motor industry critics also point out that this experience has come at a very high price. The $6bn bill is roughly double what Ford spent in the mid-1980s developing its Taurus car, arguably the most successful US car of the past decade. Chrysler spent only $1.6bn developing its popular new line of LH vehicles. They question whether Ford can make money on the Mondeo/Contour.

Mr Alex Trotman, Ford chairman, insists that "whatever else this programme does for us, you can rest assured that it will earn us profits. Real, fully accounted profits. Anything you hear to the contrary is probably just wishful thinking on the part of our competition."

Mr Trotman also points out that Ford is getting more for its money than the three new models – for example, two new engines and transmissions which will be used in other vehicles, new air conditioning expertise and an improved global communications network.

"But our investment is in much more than hardware," he adds. "We've been buying a new way of doing business for the long-term."

And he insists Ford will build another world car – with another mid-sized vehicle the most likely candidate – although he declines to say when or what.

Even so, he reckons it will take Ford another 10 years to "complete all we have to do" to become a truly global manufacturer. But he is no doubt hoping that will still put it many years ahead of its rivols.

Success for Copenhagen airport sell-off

By Hilary Barnes in Copenhagen

The share issne to sell the Danish government's 25 per cent stake in Copenhagen airport was oversnbscribed 3.3 times, the ministry of communications said yesterday.

An indicative price of DKr285-DKr315 was placed on the 2.25m shares on offer when the issue opened.

The final offer price was fixed at DKr310 and the yield from the issue will be DKr697m ($106m). The shares will be listed on the Copenhagen Stock Exchange from April 11.

All international bids will be honoured in full, as will domestic bids for less than 300 shares. Bids for more than 300 shares will receive 300 shares plus two-thirds of the rest.

● Mr Henning Birch, chief executive of Topdanmark, the insurance group, resigned at the weekend after criticism of the group's performance from leading institutional shareholders and in the Danish media.

He was replaced by Mr Kaj G. Schou, who has been in charge of the group's accident insurance company.

Shareholder criticism of Topdanmark has centred on Top's acquisition of a regional bank, Aktivbanken, in 1989.

The bank has lost money each year since the takeover, including a deficit of DKr132m in 1993. The gronp has to refund about DKr1.5bn of long term debt in 1995 and 1996.

Armco to take $20m charge

Armco, the US steel gronp, plans to close all its Empire-Detroit steel division's facilities, laying off 1,300 workers and taking a $20m, 19 cents per share charge, against first-quarter earnings, Reuter reports from Pittsburg.

The company said it expected the shutdown to last until mid-1995, when its new thin-slab continuous caster is completed at Empire-Detroit's Mansfield, Ohio, plant.

Intel in Chinese partnership

By Louise Kehoe in San Francisco

Intel, the world's leading producer of computer chips, plans to form a technology partnership with China's largest electronics company. The aim is to establish Intel's microprocessor technology as the standard for personal computers in China.

In an agreement to be signed today, China Electronics Corporation (CEC) will promote Intel microprocessors in China. In return, Intel will contract with Huajing Electronics, a CEC subsidiary, to test and assemble Intel 386SX microprocessors and microcontroller chips at its plant in China.

The US company will deliver the devices to China in the form of pre-processed silicon wafers. Huajing Electronics will dice the wafers, package and test them, and the microprocessor chips will be used in personal computers and point-of-sale equipment.

The joint venture is a pre-emptive move to take advantage of the emerging personal computer market in China, Intel said. The US chip maker regards China as a market with huge potential. Currently, the majority of computers used in China are based on Intel microprocessors: most, however, are imported.

Last year China produced only about 450,000 personal computers, but Intel expects production will grow at a rate of 60 to 80 per cent per year.

"The agreement demonstrates Intel's commitment to being a technology partner in China's modernisation drive," said Mr Craig Barrett, Intel chief operating officer.

"Through this agreement we will transfer the training and technology needed to enable Huajing to produce world class microelectronic products."

"Co-operation with Intel will be beneficial to the development of China's microelectronics industry and also to the development of China's computer industry," said Mr Yu Zhongyu, CEC president.

China Electronics is that country's largest electronics enterprise group, with assets of Yn7.8bn ($896.6m). The group is composed of 28 domestic companies, eight foreign companies and 23 joint ventures.

In another move to promote its technology, Intel has donated 40 computers based on its latest high-powered Pentium chips to the Qinghua and Beijing universities.

VIB to take over competitor

By Ronald van de Krol in Amsterdam

VIB, the third-largest bourse-listed property investment fund in the Netherlands, is to acquire its next-biggest rival, Innovest, throngh a share swap.

The takeover will create the second-biggest Dutch property company with property assets of more than Fl 2.7bn ($1.42bn), well behind the market leader Rodamco and slightly ahead of Wereldhave, which is ranked second.

VIB, with market capitalisation of around Fl 1.6bn, is to offer five of its own shares for every four shares of Innovest, which is capitalised at around Fl 640m.

The two companies said in mid-December that they were investigating a merger.

Toyama Chemical warns on profits after price cuts

By Paul Abrahams in Tokyo

Toyama Chemical, a medium-sized Japanese pharmaceuticals group, has issued a profit warning after the ministry of health and welfare imposed a 12 per cent price cut on its medicines.

The announcement underlines the crisis gripping the Japanese pharmaceuticals industry.

The company reduced its pre-tax profits forecast for the financial year ending this month to Y2.8bn ($26m) from Y3.6bn and said it would make only Y2.2bn next financial year.

A poor performance by its new medicines and a deterioration in antibiotic sales were to blame for the undershoot this year, according to the company. It said the profits fall next year would be because of the ministry's price cuts and the absence of any new products.

The company generates 70 per cent its turnover from antibiotics, a class of drugs which were particularly badly affected by the price cuts announced earlier this month.

The fall in profits next year would be in spite of a cost-cutting plan which includes reducing the 2,200 workforce by 300, said Toyama.

In April last year Toyama announced it would merge with Mitsui Pharmaceutical, another Japanese drugs group. However, the deal fell through after a Toyama subsidiary, Yuho Kasei, was declared bankrupt.

Air Canada improves

By Robert Gibbens in Montreal

The turnround at Air Canada continued in the first quarter of this year and the loss would be much smaller than that of a year earlier, said Mr Jean Jacques Bourgeault, chief operating officer.

He added that preliminary March figures showed good year-on-year gains in revenue passenger miles, load factor and yield.

"The second quarter should also be better and the third, our best, will be profitable. For all 1994 we should at least break even at the bottom line and return to profitability in 1995."

In 1993, Air Canada reported operating profit of C$77m (US$57.4m), but after restructuring provisions saw a final loss of C$326m.

Recession holds Malbak to 5% rise at halfway

By Matthew Curtin in Johannesburg

Malbak, the South African industrial conglomerate recently unbundled from mining house Gencor, has reported a sluggish 5 per cent increase in pre-tax profit to R341m ($99m) in the half-year to February 28, against R325m in the same period in 1992.

Sales grew by 8 per cent to R5.81bn from R5.39bn, but the lingering effects of the country's recession dented profitability, with operating income falling to R384m from R388m.

Mr Grant Thomas, executive chairman, said: "The past six months have been characterised by sporadic bursts of consumer spending interspersed with periods of stagnation."

Mr Thomas said a general decline in consumer demand knocked sales volumes and operating margins, aggravated by the group's large cash balances which earned less revenue as interest rates declined in the period. Malbak's cash in band stood et R887m at the end of the period, compared with R675m a year earlier.

Distributable profit rose to R179m from R170m after a reduction in net interest charges and lower tax provisions. Results were most disappointing from Foodcorp, tha group's wide-ranging foods producer, and Holdains, the group's packaging subsidiary, which contributed R34m and R27m to bottom line earnings compared with R33m and R29m respectively a year ago.

Results were buoyed by the group's branded consumer products operations, led hy its furniture business Ellerines and electronic appliance subsidiary Tedelex, which returned to profitability. They contributed earnings of R37m, compared with R23m in 1992.

Mr Thomas said SA Druggists, the pharmaceutical products subsidiary, had an "excellent" half-year.

International operations, led by London-quoted MY Holdings, had a satisfactory period. The company acquired Insight Cartons, a UK folding carton business, while Malbak would reduce its stake to 67 per cent from 85.7 per cent when the deal was completed and move the company from the London Stock Exchange's unlisted securities market to the main board to improve the marketability of the shares.

Gold Fields debates a deep-level problem

The group's Northam platinum mine needs new funds by June, writes Matthew Curtin

Northam Platinum, the R1.7bn ($494m) South African platinum mine, is fast becoming an expensive and embarrassing mistake for parent Gold Fields of South Africa, the mining house renowned for its deep-level mining expertise.

Gold Fields raised R1.5bn in equity to finance development at Northam between 1986 and 1993. The mine ran out of cash last June, secured R200m in bridging finance, but continues to make operating losses of nearly R10m a month and will need new funds by June this year if it is to survive.

Gold Fields would appear to have three options: sell Northam, raise more money, or close the mine.

In mid-1993, Mr Alan Wright, Northam's chairman until last year, approached Rustenburg Platinum, the world's leading platinum producer, to look at a closer relationship between Northam and Rusplat'a neighbouring Amandelbult mine.

Rusplat's management investigated and walked away. The company was unenthused about acquiring extra high-cost capacity, with platinum and rhodium prices near historic lows dne to overcapacity at South African mines and slack demand for the metals from European and Japanese carmakers, which need them for catalytic converters.

Northam is the world's deepest platinum mine, with shafts sunk to more than 2,000 metres. The temperature of the virgin rock underground can exceed 70°C, requiring extensive cooling, while the depth at which the ore is being mined pushes np production costs compared with rival South African producers, some of wbich are open-cast operations.

Gold Fields introduced water-powered rock drills at Northam, which have proved mechanically efficient – with the bonus that the water they use for power helps cool the underground working environment to about 20 degrees. Management insisted in the past that the relatively high cost of extracting platinum would be more than offset by the richness of the ore, originally estimated to have an average in situ grade of 10.1 grammes a tonne. Northam'a production costs "should be the lowest in the industry", Mr Wright said in July 1992.

That estimate has proved the mine's Achilles' heel. The in aitu grade at neighbouring Amandelhult is only 7.5 grammes, and suspicion that Northam's would be no better gained weight when Northam announced it would widen underground stopes, inevitably leading to the extraction of more low-grade ore. Northam achieved average grades of only 5.4 grammes in 1993.

> **'I cannot put a percentage on the chances of Northam's survival,' says John Hopwood, the mine's chairman**

Poor grades have been been aggravated by difficult mining conditions, ranging from large volumes of underground water to faulting on the reef, which left Northam a year behind its production target of 150,000 tonnes of ore a month. Northam's poor performance dented incentive bonuses employees were expecting in December. That led to an exodus of skilled and semi-skilled workers and an influx of new staff, just as pressure to meet production targets intensified.

Mr John Hopwood, Northam's new chairman, says better metal prices would help but are not a solution to the mine's problems. "I cannot put a percentage on the chances of Northam's survival. Even if we get the tonnage up to 150,000, the mine's future is critically dependent on achieving better grades. Increased stope widths, more development work and other mining factors are all diluting the in situ grades we thought we would achieve."

"Northam has reached make or break," says Mr Philip Marillier, mining analyst at stockbrokers Edey Rogers. While management can be forgiven for not predicting how low the platinum price would fall – the price averaged $466 an ounce the year the mine was launched, rising to more than $560 in the late 1980s, but yesterday stood at $412 – Gold Fields underestimated the difficulty of mining a platinum-bearing reef compared with the gold-bearing reefs it was used to, Mr Marillier says.

He agrees selling Northam is unlikely, but closure may be unthinkable too, because of the investment Gold Fields has made. However, raising new funds is far from simple.

New loan finance, assuming Northam's bankers were willing, would further compromise the mine's chances of showing a profit by adding to its interest burden. A fourth rights offer would take place in a bear-market for platinum. Northam shares are trading at R6.50 compared with their most recent high of R19.50.

Sceptics point out there is little public interest in the share, so Gold Fields would have to take up most of the new scrip, perhaps requiring e rights issue of its own to foot the bill. The success of tbat would depend on the goodwill of the mining bouse's institutional shareholders, the Rembrandt group and assurer Liberty Life, who might be tiring of throwing good money after bad.

However, Mr Donald Gordon, chairman of Liberty Life, notes that the group, which has assets of more than R83bn, acquired its stake in Gold Fields in 1989, after Minorco's abortive take-over bid for Consolidated Gold Fields.

Mr Gordon says: "The reason we invest in Gold Fields is for gold mining, and we are confident that ths gold market will go from strength to strength in the years ahead. "We did not invest in Gold Fields because of Northam, and, in any case, we get paid for underwriting."

Foster's sells 15m BHP shares

By Nikki Tait in Sydney

Foater's, the Australian brewing company which owns Courage in the UK, announced yesterday that the sale of around 15m shares in Broken Hill Proprietary, a result of the restructuring of the Beswick investment, had gone ahead at slightly higher than anticipated prices.

As a result, the net cash proceeds to Foster's resulting from the restructuring deal will bs A$251m (US$180.5m) and the hrewing group will book a profit, in effect tax-free, of A$208m.

Beswick, set up in 1988, owns almost one-fifth of BHP's eqnity and, in turn, is owned primarily by BHP and Foster's.

Foster's has been keen to realise some of the increased value in the Beswick investment, which has resulted from the rise in the value of BHP shares over recent years. BHP, however, has been reluctant to change Beswick's ownership structure.

The restructuring acheme was devised to satisfy two competing demands. It provided for the issue to existing Beswick shareholders of new convertible redaemable preference shares.

Beswick would then sell a small portion of its 322m BHP shares, and use the proceeds to redeem the bulk of Foster's new preference shares.

The issue of the preference shares had already taken place, but yesterday's manoeuvres complete the process.

BHP shares closed 26 cents lower at A$17.08.

MIM seeks Cannington stake

By Nikki Tait

MIM Holdings, the Brishane-based metals group, is negotiating to buy a one-third interest in the Cannington silver-lead mining project which Broken Hill Proprietary (BHP), the large natural resources group, is exploring in north-west Queensland.

Melbourne-based BHP discovered the ore-body back in 1990, and is part way through a feasibility study. It said yesterday that it had been talking for some time to MIM, which has smelting capacity at Mount Isa, about 200km north-west of Cannington.

The agreement between the two companies would allow MIM to acquire a 33.3 per cent interest in Cannington, including exploration in a surrounding area of 50 square kilometres. It would also stipulate that MIM smelt two-thirds of the total Cannington production of silver-lead concentrate at its "Isasmelt" plant at Mount Isa. This would be made up of MIM's one-third share of the total production, plus half of BHP's remaining share, which MIM would purchase.

Cannington is currently estimated to contain an inferred resource of 47m tonnes, grading 10.7 per cent lead, 4.6 per cent zinc and 470 grams per tonne silver. The feasihility study is due to be completed by the end of the current calender year, and any agreement would take place after that.

Development of a mine would then be due for completion in the 1997 financial year, with sales commencing in 1988. The expected development cost of the project has been put at A$225m (US$160m).

Sony wields axe in management reshape

By Emiko Terazono in Tokyo

Sony, the Japanese consumer electronics company, yesterday announced a reorganisation plan aimed at improving corporate decision-making by reducing management layers.

The company will cut the number of divisions and departments to 450 from 580, and reorganise its manufacturing and marketing groups into eight separate internal "companies" or sections.

The eight internal "companies" are: consumer audio-visuals; components; recording media and energy; broadcast products; business and industrial systems; telecommunications; mobile electronics; and semiconductors.

The section heads will be given more power, overseeing design, manufacturing and marketing.

Matsushita Electric Industrial, the country's largest consumer electronics maker, announced similar a plan last December. This includes a cut in administrative personnel to 70 per cent of the previous numher hy shifting surplus administrative employees to marketing positions.

Aside from restructuring plans centred on cost-cutting programmes announced in the past year, Japan's large electronics makers, hit by the recession and the strong yen, are struggling to revitalise their operations by changes in organisation, cutting the number of sections and section heads.

S&P considers upgrading TNT senior debt

By Nikki Tait

Standard & Poor's, tbe US-based credit rating agency, said yesterday that it was considering an npgrade of the senior debt rating of TNT, the Australian transportation group.

S&P, which currently has the debt rated single-B, said its review follows a US$150m offering of senior unsecured notes by TNT.

This is the third significant fundraising initiative by the company in the past six months. The others were a A$318m issue of convertible preference shares and the A$121m underwritten offering of shares in Holyman, essentially comprising its shipping division interests.

Hutchison Whampoa forms port offshoot

By Simon Holberton in Hong Kong

Hutchison Whampoa, ths conglomerate controlled by Mr Li Ka-shing, yesterday took a step closer to floating its disparate interests in ports wben the company said it would bring together all its port-related interests into one company.

The company, to be called Hutchison International Port Holdings, will be headed by Mr John Meredith, the current managing director of Hongkong International Terminals (HIT). HIT is the principal operator of Hong Kong's container port and is 77.5 per cent owned by Hutchison.

Over the past two years Hutchison has aggressively expanded its port-management interests in mainland China. It is an equal partner with the Sbanghai Port Autbority, where it operates three container terminals.

It also has port interest in Zhuhai, a special economic zone abutting Macao. Last year it took the largest share in the development of a Y5bn ($574.7m) container port at Yantian, on the western fringe of Shenzhen. Yantian is one of the five ports on China's coast which the government has nominated for accelerated development.

There has been speculation that the company might want to realise some of the value in its ports operations by seeking a separate stock exchange listing.

Long-dated gilts rebound as crude oil prices fall

By Antonia Sharpe in London, Hilary Barnes in Copenhagen and Frank McGurty in New York

UK government bonds rebounded by around 1⅛ points at the long end yesterday morning as a fall in crude oil prices following Opec's decision not to cut output helped to quell fears of rising inflation in the UK, analysts said.

They added that last week'a steep decline in gilt prices sparked some light buying of cash gilts across the yield curve early in the day.

The rise in gilts helped to cut the semi-annual yield differential between 10-year gilts and 10-year German government boods to around 143 hasis points from 153 basis points on Friday.

However, gilts had surrendered some of their gains by the afternoon as investors who had been seeking to lighteo their holdings used yesterday's short-lived rally to do just that.

Mr Simon Briscoe, gilts analyst at S. G. Warburg, said the early rebound in prices did not come as a surprise but that it was not anough to restore investor confidence. "The market remains riddled with nervousness and uncertainty," he said.

However, Mr Briscoe said the shortage of ultra-long dated gilts helped them to outperform other maturities, with the yield on the 8¾ per cent gilt due 2017 dropping by 15 basis points.

By contrast, yields at the short end only fell by six basis points, traders said.

The June contract of the long gilt future on Liffe touched a high of 107¼ in good volume before dropping back to 106⅝ in the late afternoon, for a gain of ¾ points on the day.

■ Italian government boods surged by nearly three points yesterday on rumours that the right-wing alliance headed by the media magnate, Mr Silvio Berlusconi, would win enough votes in the general election to be able to form a government. The strength of the lira helped to fuel the rally, traders said.

They said the rumours were hased on leaked private exit polls taken during Sunday's voting. However, they added that the outcome of the election, which was still going on yesterday, was far from certain.

One trader warned that caution could soon return to the market, especially when inves-

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tors took a closer look at the "tax cuts for growth" policies of the right-wing alliance.

The June contract of the 10-year Italian government bond future on Liffe rocketed to 112.67 before trading at 111.60 in tha late afternoon, up 1.71 points on the day.

■ German government honds drew strength from the release of German inflation data for the month to mid-March, which were in line with expectations, and from market hopes that the Bundeshank would announce a further easing of between five and eight basis points in its repo rate this week.

The June contract of the bund future on Liffe stood 0.53 points higher in late trading at 96.32.

■ Denmark's decision to introduce a 30-year government hond has unsettled Copenhagen's mortgage bond market, traders said. The 30-year government hond will he launched on April 6 with a 6 per cent conpon and will extend the yield curve from the current limit of 10 years.

Last year, Denmark's mortgage credit institutions introduced a 30-year series with a 6 per cent coupon. The mortgage bonds proved attractive and outstanding volume rose to ahout DKr160hn. However, traders said non-residents appeared to have been selling the 30-year mortgage bonds with a view to re-investing in the 30-year government bond.

In general, Danish bonds prices recovered in line with other European bond markets, with the price of 2026 mortgage bonds moving up from Friday's 84.30 to 85.55 and the 8 per cent government bond due 2003 rising from 106.95 to 107.80.

■ US Treasury bond prices firmed yesterday after oil-producing countries, meeting in Geneva at the weekend, failed to agree on productioo cuts.

By 11am, the benchmark 30-year government bond was 5/32 higher at 90 11/32. The yield eased to 6.984 per cent, after ending Friday's session above 7.00 per cent for the first time in 10 months. At the short end, the two-year note edged 1/32 higher to 100, yielding 5.108 per cent.

For the US Treasury market, the decision hy Opec to extend the current production ceiling of 24.52 barrels a day was a welcome hreak in a steady stream of bad news. Over the preceding week, a range of political and economic concerns – from mooetary policy to Mexico's political stability – depressed prices and pushed yields to worrisome heights.

The lack of decisive action hy Opec to reduce output was expected to lead to lower crude prices and a subsequent easing of inflationary pressures in the US economy.

This positive scenario for inflatioo-sensitive fixed-rate investments was given immediate support yesterday. In early trading on the Nymex, crude-oil futures contracts showed moderate declines, while prices for gold and non-oil commodities also softened.

However, after last week's protracted weakness, the modest rebound in bonds was not encouraging. Traders appeared to be looking ahead to a batch of crucial economic figures to be released later in the week.

In particular, the market was awaiting March employment data due out on Friday. The report will provide hard evidence of the extent to which the ecooomy has slowed in the first quarter, after an unsettling growth spurt in the final three months of 1993.

Spanish investors put their money on mutual funds

The total volume of mutual funds under management in Spain grew from Pta6,627bn to Pta10,709bn during 1993, a rate of expansion which equals the accumulated growth of the two preceding years.

According to the Comision Nacional del Mercado de Valores, the stock market regulator, the number of registered mutual funds rose from 732 to 822 at the end of last year and the number of participants rose from 900,400 to 1.4m.

The figures bare out the conventional wisdom that people save in times of recession (Spain registered negative growth last year and gross domestic product shrank hy 1.1 per cent), and save where they will earn most.

In essence, the enthusiasm for mutual funds has been fuelled by three forces: reduced interest rates, tax incentives and the sheer strength of the banks' sales drive.

The CNMV helieves that investors and those who managed their savings were showing three clear tendencies:

● A switch from short to long-term fixed-income investment. Investment in long-term public debt increased from 20.8 per cent of the total volume of the funds at the beginning of last year to 32.8 per cent hy December 1993.

● A change from fixed-income investment to equities. Spanish funds are strongly pitched towards government deht but during 1993 the percentage of total funds estimated to be invested in equities rose from little more than 3 per cent to more than 5 per cent.

● A switch from domestic to foreign markets. The weighting of foreign equities and fixed-income investment among funds increased from 2.2 per cent in 1992 to 5.7 per cent.

This year - in January and February - the rush hy investors into mutual funds accelerated further and the trend into equities was even more pronounced. By the end of February, the volume of mutual funds had risen to Pta11,900bn.

One key aspect of the increase in mutual fund investment is the volume growth (51 per cent) of funds putting all or up to 75 per ceot of their portfolios into equities. As at January 31, equity and equity mixed funds represented 14.7 per cent of domestic mutual funds under management.

The upsurge in equity-weighted funds represents a huge injection of mooey into the Madrid bourse, a market lacking liquidity and domestic institutional investors.

Ahorro Corporacioo Financiera calculates that the combination of equity and equity mixed funds, together with so-called "fixed-income mixed" funds, which allow for a maximum 25 per cent investment in equities, totalled Pta193bn in January. This compares with average daily trading volume of Pta42.4hn in equities on the Madrid bourse in January.

According to the CNMV, by the end of this year between 8 per cent and 10 per cent of total fund volume will be invested in equities. Ahorro Corporacion Financiera estimates suggest the figure will be closer to 7 per cent.

Either way, the hreakdown of the funding volume assures the domestic markets of a clear, and growing, domestic support base.

Tom Burns

Indonesian noodle maker launches rare exchangeable issue

By Tracy Corrigan

An unusual exchangeable hond offering by Indofood, Indonesia's largest food company, dominated interest in an otherwise subdued market yesterday.

Dealers described the $500m offering as "a difficult transaction", due to its size and complicated structure.

"The most common comment I heard was good company, but bad pricing and bad timing," said one underwriter. "It's a very unforgiving market at the moment." After powering ahead last year, Asia's emerging markets have run into trouble this year.

The $500m offering, arranged by UBS, is part of an initial public offering for the company, which dominates the Indonesian instant noodle market. Dealers said it is very rare for an exchangeahle hond structure to be used as part of an IPO.

The deal is being brought to the market ahead of a domestic IPO of 20m shares, due to be launched in April. However,

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the domestic offering is very small compared with the 154m shares underlying the international bond offering.

The interest payments on the exchangeable honds also have a complicated structure, with a step-up coupon of 3.5 per cent in the first year, 5 per cent in the second year and 6 per cent in the third year.

The pricing for the domestic offering is to be set at 15 times earnings – the maximum allowed in the domestic market – compared with 23 times projected 1994 earnings for the hond offering. According to other syndicate members, the original pricing was between 25 and 29 times earnings, but had to be lowered.

The final pricing of the international bonds was described as "not unreasonable hut not cheap", said one underwriter, given the fact that the gloss has gone off the emerging markets this year. However, the company "has a very good story to tell".

Elsewhere, Nippon Telegraph & Telephone launched a SFr200m deal via Credit Suisse, and Rahohank Nederland launched a Fl 150m five-year deal via Rabobank.

● Salomon Brothers has signed a $1bn revolving credit facility with a syndicate of 16 hanks in Europe and North America to provide back-up financing for its principal operating suhsidiaries, Reoter reports from New York.

The borrower for the secured, committed facility is Salomon Brothers International and the arranger and collateral agent is Barclays Bank, Salomon said.

The facility was initially launched at $600m late last year, then increased to $1bn, Salomon said.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Global Mark Intl.(a)§	500	(b)	100.00	Apr.1997	3.00	-	UBS
GUILDERS							
Rabobank Nederland(c)	150	5.25	101.275R	Jul.1998	0.20R	+8 (6¾%-98)	Rabobank Nederland
SWISS FRANCS							
Nippon Telegraph & Telephone	200	4.50	102.25	Apr.1999	-	-	Credit Suisse

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. R: fixed re-offer price; fees are shown at the re-offer level. a) Mandatorily exchangeable into Indofood shares at Rp7692.81 eight months following its IPO. FX: 2142Rp/$. b) 3½% in 1st yr, 5% in 2nd and 6% in 3rd. c) Fungible with outstanding Fl 500m. Plus 268 days accrued.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/04	114.0600	-0.390	7.23	7.20	6.91
Belgium		7.250	04/04	99.8000	+0.810	7.28	7.34	6.95
Canada *		6.500	06/04	91.7500	-0.250	7.68	7.58	6.98
Denmark		7.000	12/04	100.6000	+1.050	6.91	6.87	6.60
France	BTAN	8.000	05/98	107.0800	+0.210	5.78	5.78	5.42
	OAT	5.500	04/04	92.5800	+0.580	6.53	6.48	6.18
Germany		6.000	09/03	97.6900	+0.380	6.33	6.42	6.09
Italy		8.500	01/04	95.6700	+1.410	9.15†	9.43	9.06
Japan	No 119	4.800	06/99	108.0780	+0.090	3.43	3.51	3.37
	No 157	4.500	06/03	102.5390	-0.070	4.12	4.10	3.80
Netherlands		5.750	01/04	94.5000	+0.140	6.52	6.47	6.08
Spain		10.500	10/03	109.2000	+0.200	9.01	8.91	8.64
UK Gilts		6.000	08/99	94-31	+7/32	7.15	6.73	6.32
		6.750	11/04	93-03	+18/32	7.82	7.44	8.93
		9.000	10/08	109-21	+26/32	7.88	7.59	7.13
US Treasury *		5.875	02/04	94-18	-9/32	6.63	6.57	6.18
		6.250	08/23	90-27	-2/32	8.99	6.97	6.70
ECU (French Govt)		6.000	04/04	93.2000	+0.500	6.96	6.88	6.58

London closing, *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

		One month	3.65	Two year	5.14
Prime rate	6¼	Two month	3.63	Three year	5.52
Broker loan rate	5	Three month	3.58	Five year	6.12
Fed.funds	3⅞	Six month	3.94	10-year	6.63
Fed.funds at intervention	3½	One year	4.39	30-year	7.00

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	122.20	123.04	+0.60	123.46	122.12	212,250	146,311
Sep	121.50	122.34	+0.60	122.74	121.50	594	13,230
Dec	120.70	121.64	+0.60	120.70	120.70	2	-

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Apr	Calls Jun	Calls Sep	Puts Apr	Puts Jun	Puts Sep
123	0.53	1.78	1.95	1.17	1.71	-
124	0.16	1.28	-	2.00	2.22	-
125	-	0.88	1.11	-	2.83	-
126	-	0.57	0.80	-	3.52	-
127	-	0.32	0.55	-	-	-

Est. vol. total, Calls 42,107 Puts 38,840. Previous day's open int., Calls 395,816 Puts 280,473.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.49	96.16	0.37	96.48	95.38	141432	195190
Sep	95.78	95.88	0.35	95.78	95.78	1	5380

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9600	1.30	1.56	1.14	1.68
9650	1.04	1.34	1.38	1.96
9700	0.82	1.15	1.66	2.27

Est. vol. total, Calls 8345 Puts 21284. Previous day's open int., Calls 271548 Puts 227784

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	100.33	100.55	0.08	100.33	100.33	3	2330

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	109.31	111.58	1.69	112.67	109.31	75677	107458
Sep	-	111.18	1.69	-	-	0	93

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
11150	2.38	3.02	2.30	3.34
11200	2.12	2.79	2.54	3.61
11250	1.88	2.57	2.80	3.88

Est. vol. total, Calls 3257 Puts 4381. Previous day's open int., Calls 72972 Puts 68850

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	98.75	99.11	+0.27	99.67	98.50	75,059	100,952
Sep	-	98.96	-	-	-	-	-

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	107-09	107-13	0-22	108-15	107-09	558	10191
Jun	106-00	106-11	0-20	107-16	105-31	90590	172193
Sep	-	105-15	0-20	-	-	0	107

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
106	2-16	2-38	1-58	3-08
107	1-49	2-08	2-27	3-42
108	1-23	1-48	3-01	4-16

Est. vol. total, Calls 3243 Puts 3496. Previous day's open int., Calls 65117 Puts 70675

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	88.90	89.48	+0.58	89.66	88.90	1,329	5,964

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	107-11	108-03	+0-16	108-05	107-06	365,561	363,218
Sep	106-15	107-06	+0-15	107-07	106-10	1,170	42,798
Dec	-	105-16	-	-	-	6	1,179

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	110.81	-	-	111.03	110.73	858	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Mar 28	Day's change %	Fri Mar 25	Accrued interest	xd adj. ytd
1 Up to 5 years (24)	124.82	-0.02	125.05	1.77	2.88
2 5-15 years (23)	147.24	+0.09	147.12	1.66	3.75
3 Over 15 years (9)	165.15	+0.47	164.37	1.39	3.53
4 Irredeemables (6)	191.93	+2.03	188.12	3.27	1.47
5 All stocks (62)	143.94	+0.14	143.81	1.80	3.34
Index-linked					
6 Up to 5 years (2)	184.84		184.84	-0.08	2.53
7 Over 5 years (11)	178.74	+0.38	178.05	0.70	1.29
8 All stocks (13)	178.48	+0.35	177.87	0.62	1.41
Debentures and Loans					
9 Debs & Loans (73)	134.86	+0.32	134.51	2.26	2.97

	Low coupon yield Mar 28	Mar 25	Yr. ago	Medium coupon yield Mar 28	Mar 25	Yr. ago	High coupon yield Mar 28	Mar 25	Yr. ago
5 yrs	7.19	7.17	6.72	7.43	7.41	7.01	7.53	7.51	7.20
15 yrs	7.77	7.81	7.89	7.89	7.93	8.33	8.16	8.21	8.56
20 yrs	7.86	7.93	8.16	7.89	7.94	8.51	8.06	8.15	8.65
Irred.†	7.91	8.08	8.55						

	Inflation 5% Mar 28	Mar 25	Yr. ago	Inflation 10% Mar 28	Mar 25	Yr. ago
Up to 5 yrs	3.18	3.17	2.29	2.24	2.23	1.39
Over 5 yrs	3.48	3.48	3.46	3.27	3.30	3.27

5 year yield Mar 28	Mar 25	Yr. ago	15 year yield Mar 28	Mar 25	Yr. ago	25 year yield Mar 28	Mar 25	Yr. ago
8.86	8.83	8.62	8.94	8.97	9.43	8.98	9.02	9.62

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 28	Mar 25	Mar 24	Mar 23	Mar 22	Yr ago	High*	Low*
Govt. Secs. (UK)	96.81	96.30	97.63	98.82	99.05	98.24	107.80	93.28
Fixed Interest	117.78	117.53	119.31	119.84	118.79	111.88	133.87	112.84

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21
Gilt Edged bargains	115.7	162.3	96.8	97.5	91.5
5-day average	110.8	107.0	94.4	95.0	95.6

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1993/94 High	1993/94 Low
[illegible]						

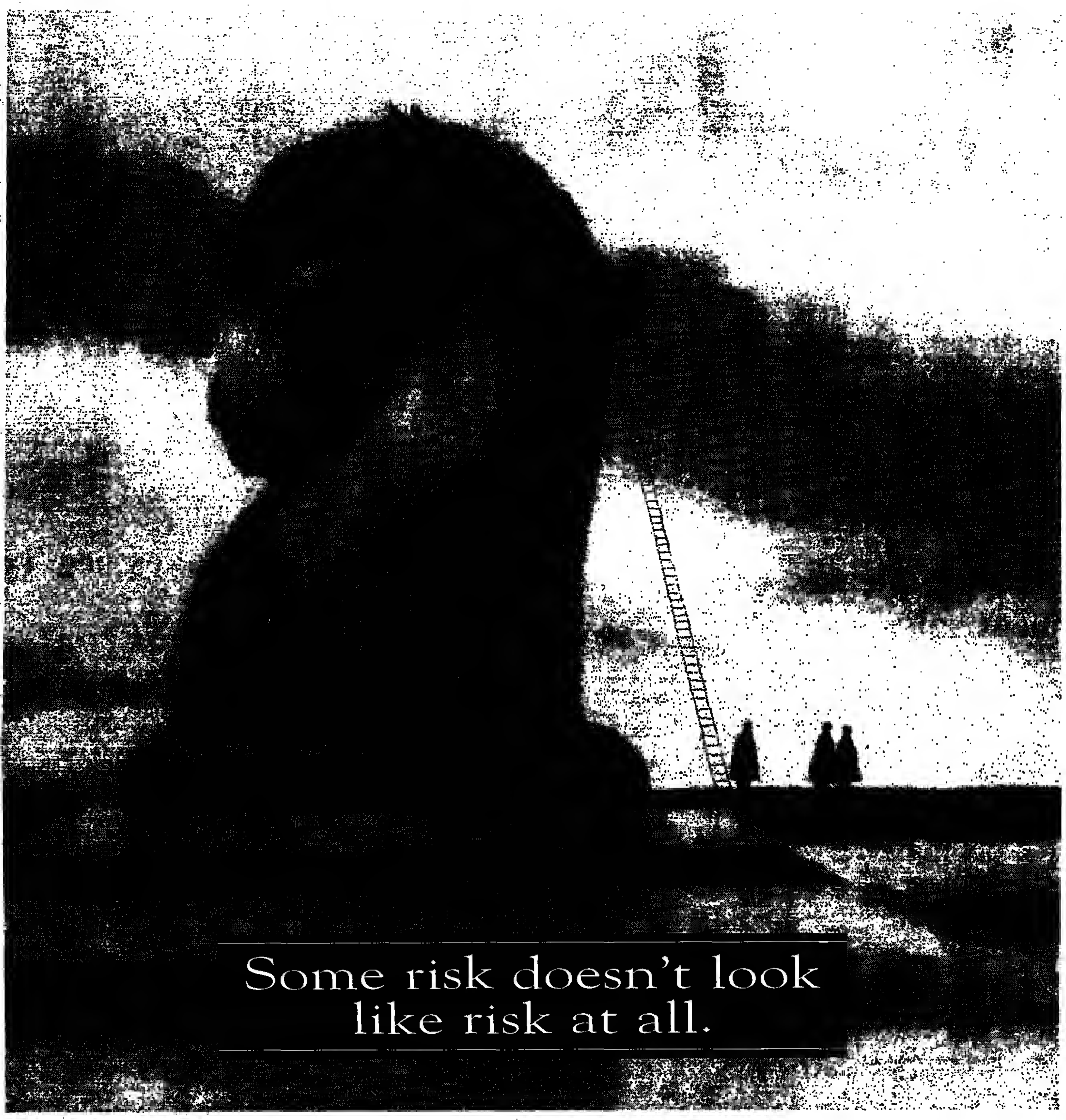
■ "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on March 28

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 00	1000	95	95¼	-⅛	7.28
AlbertaProvince 9¾ 05	600	105⅞	106⅛	-⅛	5.35
Austria 8½ 00	400	108½	105⅞	-¼	6.88
United Kingdom 7¼ 97	5500	104	104	+⅛	5.84
Volkswagen Ind Fin 7 03	1000	100⅜	100⅞	+⅛	6.94
World Bank 0 15	2000	28⅝	27⅜		6.28
World Bank 5⅞ 03	3000	95½	95⅞	+¼	6.49
ABBEY NATL TREASURY 8 00 £	1000	97⅛	97⅜	-⅛	8.47
Alliance Leics 11½ 97 £	100	110⅞	111¼	-⅛	7.33
British Land 8⅞ 23 £	150	91½	92		10.00
[illegible]					

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



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Bankers Trust
LEAD FROM STRENGTH.

RJB may bid for all five British Coal regions

By Michael Smith

RJB Mining said it would consider making bids for each of the five regions of British Coal in the forthcoming privatisation, as it yesterday revealed a 10 per cent rise in 1993 pre-tax profits to £12.2m.

Mr Richard Budge, chief execntive, said his company would look at all the regions, although it was impossible to say whether it would bid for all of them until it saw what was heing offered and the terms attached to the packages.

The government is expected to outline the packages within the next few months. RJB is one of the frontrunners among UK companies and analysts believe it is likely to bid for a majority and possibly all five of the regions.

Lydia van der Meer

Richard Budge (left) and Gordon McPhie, finance director: a strong position regardless of whether bids are successful

RJB is already leasing two former British Coal mines, Clipstone, in Nottinghamshire, and Rossington in Yorkshire, and may secure terms for another one or two.

Mr Budge said the company would also consider bids for three other pits closed by British Coal, which are to he offered for sale to the private sector alongside the five main packages.

in the year to December 31, RJB increased sales to £74.76m (£73.85m). It is recommending a final dividend of 7p to take the total for the year to 12p, covered 1.9 times hy earnings per share of 22.7p.

Mr Budge said the company was in a strong position to grow regardless of whether it was successful in its bids for British Coal regions.

Tbe two mines already leased from British Coal were premium pits and the rest of the husiness, which is mostly opencast mining, was going in line with, or better than, the company predicted wben it was floated on the market last year.

● **COMMENT**

These are heady days for private sector coal mining as It prepares to take over an industry which it believes has enormous potential for making money as soon as the state loosens its grip on it at privatisation. In common with companies like Coal Investments and NSM, RJB has enjoyed a signiflcant re-evaluation of its shares in recent months. After yesterday's 8p rise to 378p, RJB's shares are trading on a prospective p/e ratio of 17, assuming it makes £14.5m this year. Such a rating may seem high, especially for a company whose gearing would need to rise to about 80 per cent from its current 30 per cent to fund a third leased mine. However, the gearing will fall again next year as the company feels the full benefits of recent acquisitions and leasing deals. The real question for the company is how far it should go in buying the rest of British Coal in a falling and uncertain market. Its growth strategy is not without risks and RJB holds out tbe promise of much more than it has so far achieved. Nonetheless, it has yet to put a foot wrong since lts flotation and it is as well equipped as any UK company to make a go of the industry's privatisation.

GKN steps up its pursuit of Westland

By Tim Burt

GKN, the engineering and industrial services group, yesterday stepped up its pursuit of Westland after the helicopter manufacturer admitted its operating profits wonld decline this year.

The Yeovil-based company, which is fighting GKN's £497m bid, said profits from its underlying business would fall from £35.5m last year to £35m.

Pre-tax profits, however, are expected to increase hy 64 per cent to £50m following a £15m gain arising out of an initial compensation payment from the Arah Organisation for Industrialisation, which is at the centre of a £385m damages claim filed by Westland.

A further £3.4m profit on a property disposal is expected to be offset by interest payments.

Althongh Westland promised shareholders a 6 per cent dividend increase to 4.75p and a 5p special interim dividend next year to reflect the AOI payment, GKN said the profits forecast was disappointing.

Sir David Lees, who has offered Westland shareholders 290p per ordinary share, said: "I thought there would be something more. Westland has heen predicting only good news, but operating profits are forecast to fall."

Nevertheless, shares in the belicopter group, in wbich GKN already has a 45 per cent stake, rose 7½p yesterday to close at 325p.

Mr Alan Jones, Westland chairman, said GKN's offer undervalued the company and its prospects for future orders, especially for its flagship EH101 helicopter.

He also highligbted potential demand for the Apache helicopter, developed in partnership with McDonnell Douglas, which the gronp hopes the British Army will order next year.

Citing estimates of steadily increasing orders, Mr Jones said: "An order for Apache would transform these growth prospects, providing the profit potential on an estimated £2hn of sales."

GKN again accused him of inflating order prospects and pointed ont that similar hopes for the Black Hawk belicopter had failed to materialise.

Sir David said he would be seeking a meeting with Mr Jones later this week at which he would underline his determination to take control of the group and merge it into GKN's existing defence business.

The engineering group has until the end of the week to make a revised offer, but Mr Jones – who predicted Sir David would come np with a "parsimonious" offer – hinted that some senior Westland managers would step down if GKN won control.

See Lex

Ex-Virgin Games chief expected to join group to create new division

Pearson to set up multimedia arm

By Raymond Snoddy

Pearson, the media and publishing group, is setting up a multimedia division to coordinate its activities in the new business area where print and visual images increasingly converge.

The company, it is believed, has hired Mr Nick Alexander – who used to run Virgin Games – to create the new division.

Mr Alexander, who at present runs Sega Europe, the European arm of the international interactive games group, has either already resigned from Sega or is about to do so, to join Pearson. Pearson declined to comment.

The move is a symptom of the increasing interest in the visual media at Pearson, owner of the Financial Times, following the decision to concentrate on information, education and entertainment.

The growing interest in multimedia would involve Pearson's existing operations in educational publishing but the new division, lt is believed, would be a focus for acquisitions in the area.

At the same time both of Pearson's two main television interests, the 17.5 per cent stake in British Sky Broadcasting and the 100 per cent ownership of Thames Television, both appear to be holding out prospects of substantial growth.

In the 1993 results, which came in yesterday at £209m at the pre-tax level, returns from both are modest.

Thames, which cost a total of £100.7m in June 1993, contributed £6.5m in operating profits and BSkyB put in £6.9m – the first time that income from the satellite television venture has come through.

In both cases, however, that seems to be only the beginning of the story.

Thames may soon be valued at considerably more than lts £100m purchase price.

Apart from continuing orders from the ITV network for lts programmes, such as The Bill, Pearson's 10 per cent stake through Thames in the Astra television satellite system may be about to be revalued.

The Deutsche Bundespost is negotiating for a stake in the satellite systems, and valuations are believed to be about £50m for a 10 per cent holding.

A contribution in the region of £35m is expected from BSkyB in this current year. A total of 3.3m homes are subscribing to at least one BSkyB service, and there is a total of 7m channel subscriptions, showing that a large proportion of BSkyB viewers are paying for several of the channel packages on offer.

Lord Blakenham, Pearson chairman, said: "In June we took the decision to concentrate our resources on our media and entertainment husinesses, and hy December Camco and Royal Doulton had become independent public companies."

He continued: "As a media company we have great opportunities for deploying our hrands and copyrights in a variety of expanding and overlapping media markets."

Automated Security falls to £11.8m

By Paul Taylor

Automated Security (Holdings), the international electronic security systems company, turned in sharply lower full-year pre-tax profits of £11.8m for the year to November 30, mainly reflecting the absence of a £30.3m profit on the sale of discontinued business the previous year.

The group caused a furore last autumn when it went ahead with an enhanced scrip dividend in lieu of its 3.05p interim despite a sharp fall in its share price triggered by an earlier profits warning. It is now proposing an ordinary scrip issue in lieu of the final dividend.

Under the terms of the scheme, shareholders are being offered one share for every 48 held in lieu of a 2.25p final. The shares closed up 1p at 109p.

The pre-tax result compares with restated pre-tax profits of £45.1m which included the profit on the sale of the group's European security and specialist CCTV business. Earnings per share fell to 2.4p (25.8p.)

Ash said pre-tax profits from continuing operations increased to £18.1m (£9.6m.) Turnover from continuing operations increased by 20 per cent to £153.5m (£127.3m), including £10.1m from acquisitions.

Total group turnover slipped to £160.8m (£173.2m), including £7.25m (£45.9m) from discontinued operations.

The group said it experienced "difficult trading conditions in the UK during the first nine months," but noted that market recovery was reflected in a 23 per cent increase in fourth quarter operating profits to £7.1m (£5.7m) on revenues which grew by 14 per cent to £44.1m (£38.7m.)

Overall full-year operating profits fell by almost 28 per cent to £19.4m (£26.9m) including £706,000 attrihuted to acquisitions but after a £4.97m loss (£5.35m profit) from discontinued operations.

The UK operations lifted their contribution to operating profits hy 7.5 per cent to £21m on revenues up 12.3 per cent to £110m spurred by the success of the group's new verification products and the acquisition of Telecom Security.

During the year the group completed its restructuring with the consolidation of its two main operating companies in the UK. This led to restructuring and reorganisatioo costs of £1.38m, down from £3.73m in 1992.

in the US operating profits increased by 34.6 per cent to £7.6m on revenues which grew by 48.3 per cent to £43.5m, helped hy a strong performance by Sonitrol.

Royal Doulton pleases City with upbeat sales outlook

By Peggy Hollinger

Royal Doulton shares rose 19p yesterday to 253p as the fine china manufacturer made its first profits announcement as an independently quoted company and revealed that sales were running at their highest levels for four years.

This leaves the shares some 31 per cent higher than the initial qnote price of 193p following the demerger in December from media conglomerate Pearson, which owns the Financial Times.

Mr Stuart Lyons, chief executive, said the order book for the current year was "satisfactory" after better than expected trading in December. The UK was showing particularly good growth, with an encouraging increase in the premium brands.

A series of one-off costs as a result of the demerger forced Royal Doulton's 1993 pre-tax profits down from £3.89m to £3.04m for the year to December 31. The costs included a £1.9m loss on the sale of a stake in the Canadian newspaper group, The Financial Post, and a Pearson management cbarge of £2.35m. Furtber demerger costs came to £851,000.

Pearsoo was also paid a special net dividend of £18.2m, which left Royal Doulton with a £5.7m advance corporation charge to be offset against tax on future UK profits.

Mr Mark Burrell, non-executive chairman, said the underlying performance had been good. Cost cntting and tight control of working capital had belped operating profits to increase from £10.9m to £11.6m on sales 10.4 per cent ahead at £222m.

The sales increase had benefited from currency gains. At constant exchange rates, however, sales were still more than 5 per cent ahead.

The company incurred losses in the Canadian retail business, contineotal Europe and a Japanese joint veoture. However, steps had been taken to repair the losses and Royal Doulton was confident the Japanese division would return to profitability as tbe economy recovered. The group is to buy the outstanding joint venture stake in August for up to £5m.

Royal Doulton announced a stronger than expected balance sheet, with net debt of £18.1m, including the ACT charge. This reflected strong cash generation and a £9m reduction in stocks to £79.2m. Gearing was 17 per cent against a pro forma 69 per cent.

A single dividend of 3p is proposed. Losses emerged at 5p (earnings 14.2p), reflecting the demerger and non-recurring costs. After adjustment, earnings advanced from 9.2p to 10.6p.

Higher cigarette taxes peg T&S rise

By Peggy Hollinger

Increased taxes on cigarettes beld back the advance at T&S Stores, the newsagent and convenience store retailer, which yesterday announced a marginal increase in pre-tax profits from £12.53m to £12.56m for the year to January 1.

The increase was achieved on a 2 per cent advance in sales to £352m. Mr Kevin Threlfall, chairman, was bullisb about the current year, saying like-for-like sales were running 7 per cent ahead of last year.

Further improvement would come from the £5.95m casb acquisition announced yesterday of 27 convenience stores trading under the Macs name. This is T&S's second acquisition this year, after the £6.7m cash purchase of 74 Gibbs newsagents shops.

The two purchases are expected to contribute sales of more than £40m in the current year.

Supercigs, the discount tobacco and confectionery chain, suffered an 11 per cent decline in operating profits to £2.54m, on sales 3 per cent lower at £170.6m.

Mr Threlfall said a shift in focus towards discounting a wider range of products at the Supercigs chain, iocluding magazines and cards, had helped to offset the effects of an overall decline in the cigarette market.

Dillons newsagents reported a 4 per cent advance at the operating level to £5.8m, on sales 1 per cent ahead at £102.8m. Mr Threlfall said the increase was due to tight cost controls, with the average branch profit up by 9 per cent to £21,740.

Dillons convenience stores increased operating profits by 8 per cent to £4.39m on sales 16 per cent ahead at £78.7m. Like-for-like sales were 5 per cent ahead, in spite of increased Sunday opening from supermarkets.

Mr Threlfall said T&S intended to open 30 new stores across the businesses this year.

Tbe final dividend was increased by 3 per cent to 3.6p, for a total pay-out of 6.1p (5.9p). Earnings per share fell from 15.17p to 13.44p.

● **COMMENT**

Tbese were disappointing results, but the market was half expecting to be disappointed. The best news was the latest acquisition which, added to that in January, gives hope that T&S may eod two years of stagnation in 1994. Forecasts are for pre-tax profits of £13.8m this year. After the 9p rise to 194p in the shares, the forward multiple of 13 times may not look too demanding.

Latin performance boosts Nelson Hurst

By Richard Lapper

A strong performance in south-east Asia and Latin America helped Nelson Hurst, the insurance broker listed late last year, lift 1993 pre-tax profits from £1.41m to £5.31m.

Earnings per share rose from 3.4p to 16.6p.

Mr David Woodward, chairman, said the results exceeded forecasts contained in the listing particulars. Brokerage revenues increased hy 17 per cent to £36.7m, with revenues from the Middle East and south-east Asia up by 43 per cent to £5.9m. Brokerage from lts Latin American network also increased, by nearly 40 per cent.

The increase also reflected the appreciation of the US dollar, a currency in which Nelson Hurst obtains 40 per cent of its revenues. Dollar income was bcoked at an average exchange rate of $1.50 compared with an average of $1.75 in 1992. On an underlying basis, revenues were up hy 11 per cent.

Other operating income rose by 3 per cent to £3.1m, despite a 19 per cent drop in investment income because of lower dollar and sterling interest rates. The increase reflected a foreign exchange gain of £300,000 (£1m loss).

Expenses were 6 per cent higher at £32.7m. The expense ratio fell by 10 points to 88 per cent. The company's first dividend as a public company will be this year's interim, payable in October.

Exceptionals leave SBJ £0.5m in the red

By Richard Lapper

Steel Burrill Jones, the insurance hroker, yesterday reported a swing from profits of £13.27m to pre-tax losses of £521,000 for 1993.

A reduced final dividend of 6p cuts the total from 13.25p to 9p.

The deficit was fully in line with expectations following the announcement of exceptional costs at the interim stage last September. Dealers responded positively to an underlying trading profit of £6.92m and marked the shares up 10p to 129p.

A poor performance by the group's direct energy and marine reinsurance operations was the main factor in a decline in brokerage income to £45.3m (£47.3m). Although hull, cargo and protection and indemnity business performed well energy brokers struggled with tight capacity in London and tough competition in the US.

Income from marine insurance and reinsurance as a whole fell to £11.1m (£14.7m). By contrast, hrokerage income from London market non-marine increased to £16.6m (£14.6m), while retail husiness rose to £19.95m (£16.7m).

Income was also hit hy an exchange rate loss of £2.24m.

Investment and other income fell to £6.02m (£7.83m). The share of profits of associates amounted to £19,000 (£911,000). Adminietrative axpensee increased to £44.4m (£43.9m) and charges for reorganisation and closure amounted to £4.4m.

● **COMMENT**

The bad news which has led the shares to underperform in the last 12 months appears to be over. There was no further deterioration in the second half and tough management action last year should now begin to yield fruit. Planned cuts in expenses should produce savings of some £3m this year and the group should also benefit significantly frum the strength of the dollar. New pay incentives have been introduced for senior staff, but trading conditions remain difficult and earnings prospects uncertain. Even so, on balance and barring any further mishaps, 1994 profits of at least £8m should be within reach, putting the share on an attractive multiple going forward of under 12. A prospective yield of 8.7 provides support.

Acquisitions behind 73% rise at Bemrose

By Paul Taylor

Bemrose Corporation, the Derby-based security and promotional printer which is now the largest supplier to the US advertising specialty market following a series of acquisitions, yasterday reported sharply higher 1993 pre-tax profits.

Pre-tax profits rose by 73 per cent from £6.26m to £10.8m and included a £579,000 profit on the sale of a subsidiary. Turnover grew to £89m (£49.3m) including £40m from acquisitions.

Earnings per share, including the profit on disposal, grew to 30.47p (22.18p). An nnchanged final dividend of 7.45p makes a total of 11.75p (same) on increased capital. The shares closed 1p higher at 453p.

Operating profits jumped to £11.87m (£5.48m) with all of the increase coming from acquisitions. Mr Rodger Booth, chief executive, said that in the UK, earnings and operating profits were maintained despite margins coming under pressure.

The continued downturn in UK bank cheque printing was offset by gains in other security products. Sales of promotional prodncts were a little higher, but margins tightened. Nevertheless, all the gronp's businesses in the promotional sector performed close to 1992 levels, including Barnard and Jackson, the diary manufacturer acquired in April.

In the US – the focus for the group's recent expansion which has heen funded through two rights issues – operating profits increased, with additional gains generated by the strengthening dollar.

The US businesses, including Bemrose Yattendon, previously a 50:50 joint venture company, contributed £4.65m to operating profits.

● **COMMENT**

1993 was a transition year for Bemrose whicb has successfully huilt a new US leg to its operations. With margins under pressure in the UK and the traditional cheque printing business in decline, the US businesses should help maintain profit and earnings growth tbis year. Profits of around £11.8m are likely this year, prodncing earnings of about 28.4p. The shares are trading on a prospective p/e of 16 and the price looks about right.

Rising Asian demand lifts Scholl to £16.7m

By Tim Burt

Despite a downturn in some of its core European markets, Scholl, the healthcare products group, increased pre-tax profits hy 3.8 per cent in 1993.

Rising demand in Asia and growth in its licensing and distribution business underpinned an advance in pre-tax profits to £16.7m (£16.1m) in the year to December 31.

Together with contributious from new acquisitioos, increased sales in south-east Asia helped to offset flat or falling European turnover, especially in Italy where sales declined hy £4m to £20.5m.

Mr Neil Franchino, chief executive, said new subsidiaries – dominated by Elf Sanofi, the French pharmaceutical group acquired for £16.8m in June last year – pushed group turnover ahead by 13.6 per cent to £171.9m.

They also offset a decline in profits on cootiouing operations with an £869,000 contribution – lifting total operating profits to £16m (£15.2m).

Mr Franchino blamed the flat performance of its underlying business on the loss of its Coppertone licence in Italy, tighter operating margins on its retail businese and increased marketing costs.

The group was however, well placed to expand its core healthcare business.

Earnings per share rose to 12.7p (12.1p) and the final dividend is increased to 3.8p (3.7p), making 6.4p (6.3p) for the year.

● **COMMENT**

Scholl has seen fatigue set into its traditional markets, nooa more so than in the UK where sales of its famous shoes have declined sharply. But it has acted fast to counter the problems by bringing new management into the retail business, while also distributing and licensing new products at bome and overseas. That has paid off dramatically in Asia, whicb the group expects to be the group's largest profit centre by 1995. Furtber gains in tbe region have persuaded analysts to upgrade profit forecasts this year to £18.1m on a forward multiple of 13. With European markets unlikely to decline further and growtb seemingly assured slsewhere, that makes the shares an attractive option.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Auto Security	fin	nil§§	-	3.05	3.05	5.3
Bemrose Corpn	fin	7.45†	May 19	7.45	11.75	11.75
Blagden Inds	fin	nil	-	5	1.5	9.5
EBC	fin	2.25	May 20	2.25	4	4
Edinburgh Fund	fin	16	May 13	8.5	22	13.5
Fisher (James)	fin	nil	-	0.5	nil	1
Global Group §	fin	0.3	May 24	0.3	0.5	0.5
GR (Holdings)	int	0.4	May 26	0.4	-	1.6
Graystone	int	0.1	June 6	nil	-	nil
Headlam Group	fin	2.35†	July 1	1.85	3.2	2.6
Inchcape	fin	9	July 4	8.35	14.8	13.75
IoM Steam	fin	7.5	May 16	7	11	10
MY Holdings	int	0.5†	June 15	0.25	-	1.25
Nestor-BNA	fin	2	May 27	2	3.15	3.15
Pearson	fin	7.625	June 3	6.625	13	12
RJB Mining	fin	7	May 31	-	12	-
Royal Doulton	fin	3	June 3	-	3	-
Rutland Trust	fin	0.6	May 27	0.53	0.87	0.8
Scottish Metro	int	0.5†	Aug 17	0.4	-	1.5
Sharpe & Fisher	fin	2.7	June 8	2.5	4.2	4
Sherwood Group	fin	1.9†	May 26	1.7	2.9	2.6
Steel Burrill	fin	6	May 26	9	9	13.25
Taylor Nelson	fin	0.32	-	0.2	0.45	0.3
TR Far East Inc	int	1.4☆	July 1	1.2	-	5
T&S Stores	fin	3.6	May 27	3.5	6.1	5.9

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ☆ Second interim making 2.7p (2.4p) to date. §§ 1-for-48 scrip issue proposed in lieu of final.

Taylor Nelson expands

Taylor Nalson AGB, the largest market research group in the UK, is boosting the 1993 dividend by 50 per cent from 0.3p to 0.45p after lifting pre-tax profits to £4.17m for the year, writes David Blackwell.

This compares with a previous £994,000, restated for FRS 3. At the operating level profits were up at £2.93m (£4.15m).

Turnover improved by 18 per cent from £47.2m to £55.7m. UK turnover improved to £53m, representing 20 per cent of the total UK market, which grew by 8 per cent in the year.

Earnings per share rose from 0.38p to 1.28p while directors are proposing a final dividend of 0.32p compared with 0.2p.

Mr Tony Cowling, chief executive, said that continuous contract business represented about 50 per cent of group turnover. The other half was made up of ad hoc business, which had grown by 11 per cent in the year.

The consumer sector, which makes up most of the group'e business with turnover of £30.2m, had a mixed year as clients cut their budgets. However, retailers had sterted to spend more on research, and this in turn had attracted business from City analysts.

Orders for ad hoc research in the healthcare sector, with a total turnover of £8.7m, were up by 35 per cent as domestic pressures forced UK and US pharmaceutical companies to address wider markets.

The business services sector also improved, but the media and televlslon reeearch markets suffered from tho concentration of ownership.

COMPANY NEWS: UK AND IRELAND

Sale of a stake in its soft drinks business helped fuel the advance

Rutland 65% ahead at £10.9m

By David Blackwell

The sale of part of its eoft drinks bnsiness belped Rutland Trust, the financial and business services group, to boost pre-tax profits by 65 per cent for the year to end-December.

Tbey rose from £6.67m to £10.9m on turnover of £100m (£94m). The latest turnover figure includes £5.1m from acquisitions.

Early this year Rutland sold part of Ben Shaw'e, the Yorkshire soft drinks manufacturer, 84 per cent of which it acquired last August for £5.7m.

The buyer was Cott Corporation of Canada, the rapidly expanding North American soft drinks company, which paid £6m for 51 per cent of the Pontefract canning line. The latest pre-tax figure includes £3.3m profit on the sale.

Mr Michael Langdon, chief executive, said the group would realise a further £3m of profits in the current year from a second payment from Cott, which has the option to raise its stake in the canning line to 82.5 per cent.

Rutland will retain the remaining 17.5 per cent, and will continue to own and develop the Huddersfield division of Ben Shaw's, which concentrates on the local returnable soft drinks market and spring water production.

Tony Andrews

Michael Langdon: a further £3m profit to come from the sale

Operating profits from the corporate finance and investment division, which did the Ben Shaw's deal, rose from £1.51m to £2m. This mainly reflected a £1.93m (£904,000) contribution from the group'a 42 per cent stake in Capital Industries, the laminated paper maker.

The asset financing division, which is involved in vehicle contract hire, doubled operating profits from £858,000 to £1.72m on the back of improved second-hand car values.

Profits from professional services, including Ellis & Buckle, the loss adjuster, eased from £4.3m to £3.92m.

At the year end the group had £14.6m cash. Mr Langdon said Rutland would continue to look for suitable acquisitions.

Earnings per share rose from 1.68p to 3.17p, or 1.97p exclnding the exceptional item. A final dividend of 0.6p (0.53p) is proposed, making the total for the year 0.87p (0.8p).

I£29m cash call from Irish Continental

By Tim Coone in Dublin

A 3-for-7 rights issue to raise I£29.2m (£28.1m) has been announced by the Irish Continental Group, which operates ferry and shipping services from Ireland to the UK and the continent.

The issue price of 400p on the 7.57m new shares represents a 13 per cent discount on yesterday's average trading price of 460p. The issue is being underwritten by AIB Capital Markets.

Proceeds will be used to finance the building of a new ferry to operate on the Dublin-Holyhead ronte, which will replace a chartered vessel with one with more than twice the capacity.

Tbe company said tbat capacity constraints oo the route had created opportunities for expansioo to "capture a significant portion of the freight transport originating in the Republic of Ireland currently being ronted through Northern Ireland ports".

The annual financing costs of the new ferry would be no greater tban the chartering costs of the existing chartered ferry, the company said.

The Irish Sea rootes have become increasingly competitive. The port of Larne, north of Belfast, with its short sea crossing to Britain and freqnent sailings schednle, has posed a challenge to operators out of ports in the Republic. Larne handles an estimated 20 per cent of all roll-on roll-off vehicle traffic for the Republic crossing the Irish Sea.

Stena Sealink, ls one of ICG's main competitors, and is planning its own expansion on the Dublin-Holyhead roote this summer, npgrading its catamaran ferry service in Jnne to be followed by the introdnction on the route of the world's largest high-speed ferry in spring 1995.

The new ICG ferry, and Stena Sealink's new high-speed vessel, will have capacity to carry 100 and 50 trucks respectively. However, government plans to alleviate traffic congestion in Dublin are unlikely to materialise until towards the end of the decade.

Scottish Metropolitan back in black with £7.2m

By Vanessa Houlder, Property Correspondent

Scottisb Metropolitan, Scotland's largest property company, yesterday announced a return to profitability.

It announced pre-tax profits of £7.16m for the six months to February 15, compared with a pre-tax loss of £1.18m for the comparable period.

Mr Scott Cairns, managing director, was "cautiously optimistic."

Althougb property values are increasing, demand from tenants is still weak, he said. "The letting markets are very tough," he added.

The turnround in profitability resulted from a £5.05m gain on the sale of investment property, together with a reduction in net interest costs from £8.84m to £5.22m.

Operating profits fell from £9.51m to £7.33m, mainly as a result of loss of revenue from buildings thet were sold.

The company's borrowings have fallen from £144.9m last August to £67.9m on February 15.

During the period, the company raised £26.8m through a rights issue and sold six investment properties for £55.3m, showing a 10 per cent surplus over book value.

In the second half of the year the company plans to sell buildings worth between £5m and £10m, mainly in the south of England, as it implements its strategy of increasing its emphasis on Scottish property.

It has spent £8.9m on acquisitions of industrial and retail property since the half-year end and has about £50m of unused facilities for further acquisitions as opportunities arise.

Earnings per sbare were 6.19p, compared with losses of 1.32p.

The interim dividend is lifted from 0.4p to 0.5p.

House of Fraser flotation public element oversubscribed

By Neil Buckley

House of Fraser, the 56-store department store group, said yesterday the public element of its flotation was 2.2 times oversubscribed, and larger applications would be scaled down.

The group placed 172.2m ordinary shares, 75 per cent of the total, firm with institutional investors. It offered 57.4m shares to the public, and received applications for 126.87m shares from more than 112,000 applicants.

Applications for 200 to 400 shares will be allotted in full, but applications for more will receive only partial allocations. Those applying for 3,000 to a million shares will get 25 per cent, and applicants for more than a million will get 20 per cent.

Eligible employees, pensiooers and directors applied for a total of 897,700 ordinary shares under a preferential offer. Their applications will be satisfied in full.

The Fayed brothers, owners of House of Fraser, are selling all tbe shares in the group, valuing it at £413.3m, but are keeping its former flagship Harrods.

In the "grey market" made by IG index, the London financial bookmaker, the shares were quoted at 190½p yesterday, a premium of 10p on tbe offer price, after dropping to 185½p on Friday.

Argent to float with more than £150m value

Argent Gronp, a private property concern whicb has pursued an aggressive expansion programme over the last three years, is to float this summer with a market value of more than £150m.

Shares will be offered to the public as well as placed with institutions.

The group intends to use the proceeds to "take advantage of development opportunities beyond our current scope". Argent said development would only be undertaken if the bnilding was pre-let or sold.

Argent is the private vehicle of brothers Michael and Peter Freeman.

Between 1991 and 1993 the group bought 15 of its 16 properties with the help of its joint venture partner, Warburg Pincus, tbe US venture capital concern.

The group's properties have recently been valued at £195m and pro forma net assets are estimated at £115m.

Headlam surges to £3.7m on the back of acquisition profits

By Tim Burt

Headlam, tbe acquisitive fabrics and flooring distribution group, yesterday reported a sharp increase in annual profits following first-time contributions by new subsidiaries.

For the year to end-December pre-tax profits rose to £3.65m (£1.1m) on turnover up from £58.8m to £107m.

The group, which bas acquired 13 companies in the past two years, said full-year profits from 1992 acquisitions and partial contributions from subsidiaries purchased last year boosted operating profits to £4.52m (£1.72m).

Mr Ian Kirkham, chief executive, said the fabrics division had enjoyed the sharpest growth with profits increasing from £705,000 to £2.4m.

The flooring dlvision – enlarged by acquisitions in Scotland and the Midlands during the year – contributed £2.8m (£1.4m) to group operating profits.

"It has captured 15 per cent of the national distribution market despite a fairly flat UK market place," said Mr Kirkham.

Improved performances by both divisions were offset by a £242,000 loss at R Coggins, the footwear bnsiness, which was sold off last year.

While concentrating on its core businesses, the group is also understood to be considering an expansion into furnishing fabrics – a sector where it has identified several possible acquisitions. Such purchases would be financed from borrowings or net cash of £3.6m left over from the group's £5.1m rights issue last year.

Earnings lncreased to 8p (3.6p) and a proposed final dividend of 2.35p makes a 3.2p (2.6p) total.

Baronsmead venture capital trust flotation

By Bethan Hutton

Baronsmead, the venture capital group, is launching a venture capltal investment trust based on an existing £12.75m portfolio of cash and unquoted investments held by Baronsmead Development Capital Partners.

The fund was started in 1988 as MIM Development Capital Partners. Baronsmead acquired control of tbe managers, Invesco Ventures, in May 1993. The new trust, Baronsmead Investment Trust, will continue to invest mainly in established UK unquoted companies involved in management buy-outs or buy-ins.

The trust will have an initial life of 10 years. The assets are to be transferred from the partnership to the new trust in exchange for 12.75m ordinary shares at 100p, and 1.91m warrants, exercisable at 100p between 1997 and 2001. Dealings in both are expected to start on March 31.

Bakyrchik raises more to exploit gold mine

By Kenneth Gooding, Mining Correspondent

Bakyrchik Gold, which raised £9m in London last August to exploit a gold mine in Kazakhstan, once part of the Soviet Union, has raised a further £2.25m net to expand the first stage of the project.

Some 750,000 new sbares, representing about 5 per cent of the increased capital, have been conditionally placed with institutional investors by William de Broë at 300p each.

Last Angust Bakyrchik shares were placed at 120p, since when they have been as high as 405p.

Mr Kevin Foo, chief executive, said the new cash would be used for a bigger treatment plant so that annual gold output in the first stage of the project would be 46,000 troy ounces compared with the 35,000 to 40,000 first envisaged.

The feasibility study for a second stage, to take output to 230,000 ounces a year, was due to be completed in May and, subject to this being satisfactory and a successful start-up of the stage one plant, Bakyrchik would raise another £75m later in 1994. Most of this would be via new equity.

Isle of Man Steam rises to £3.5m

Isle of Man Steam Packet Company, the operator of ferry services, lifted pre-tax profits by 6 per ceot, from £3.29m to £3.48m, in the year to December 31.

The result, achieved on improved turnover of £25.5m (£24.5m), was after an exceptional £1.06m write-down in the book valne of Lady of Mann.

Operating profits advanced from £3.28m to £4.43m.

Earnings per share emerged at 20.6p against 19.5p and the proposed final dividend of 7.5p (7p) lifts the total by 1p to 11p.

NEWS DIGEST

Sharpe & Fisher rises 61%

A "steady improvement" in trading conditions in its core business of building supplies helped Sbarpe & Fisber increase pre-tax profits from £1.45m to £2.35m for tbe year to end-December.

The 61 per cent improvement was achieved on a £7m sales rise to £52.3m, assisted by continued tight control of costs. Operating profits grew by £1m to £2.89m.

In October it acquired tbe seven building supplies depots of Pbillips & Son (Alton), bringing the total number of depots to 22. Acquisltions added £1.34m to salee and £22,000 to operating profits.

The property side produced profits of £1.43m (£1.3m).

Interest cbarges fell to £541,000 (£688,000) but tax took £448,000 (added £159,000). Earnings came out at 9.2p (7.8p) and a final dividend of 2.7p makes a 4.2p (4p) total.

Dale Electric

Dale Electric, tbe Yorkshire-based power systems group, plans to raise £4.46m through a 2-for-3 rights issue at 55p per sbare. The issne of 9.13m shares is underwritten by Beeson Gregory.

Mr Iain Dale, chairman, said: "The proceeds will be used to strengthen the balance sheet, reduce debt and enable us to continue our programme of inveetment in plant and machinery."

Regalian Props

Regalian Properties, the development and investment company, cut its debt to £6m, for gearing of 42 per cent with the sale of three properties in Kensington Palace Gardens, London. Tbe price was not disclosed.

At March 1993 debt stood at £65m with £135m a year before.

Regalian also announced it had replaced its consortium of six banks, led by Barclaye, witb facilities from Barclays alone.

Global

Profits of Global Group, tbe USM-traded meat and shipping services concern, improved from £1.4m to £1.9m pre-tax for the year to end-December. Turnover rose by £6.2m to £81.2m.

Earnings amounted to 1.1p (0.83p) and a final dividend of 0.3p makes a same-again 0.5p total.

Adwest

Adwest Group, the automotive components, defence and property company, has acquired Modular Devices from private owners. The consideration in cash involves a maximum initial payment of $11m (£7.5m) for net assets of $3.44m plus a maximum profit-related $2.5m.

Modular Devices is a California-based designer and maker of commercial power supply units for specialist computer equipment manufacturers. It made pre-tax profits of $1.1m on sales of $12.9m in the year to June 30 1993.

F&C Income Growth

Foreign & Colonial Income Growth Investment Trust, the first F&C investment trust to invest purely in UK securities, has raised £42.91m through a placing and offer for subscription of shares and warrants.

Applicatious were received for 7.18m units – each unit comprising five ordinary shares and one warrant – and these were satisfied in full. As announced earlier this month, 1.4m units were placed by SG Warburg Securities at 500p each.

About £23.5m of the money raised will be held in PEPs.

Reed Elsevier

Reed Elsevier France haa acquired the OIP Group, a leading French exhibition organiser, which organises 13 trade and public exhibitions in Paris.

OIP, which comprises five companies – FIEF, OIP, CLC, PRK and Sorespex, made an operating profit of FFr32.5m (£3.8m) on turnover of FFr143.8m in 1993.

EBC

EBC Group, the construction and development gronp, achieved pre-tax profits of £931,000 in 1993. For 1992 there were losses of £3.72m, restated in accordance with FRS 3

Turnover amounted to £57.6m (£55.7m).

The building and maintenance division, which had been profitable over many years, incurred losses, Mr Bert Cockroft, the chairman, said. That was because of Rutland Builders, since closed.

Earninge per share amounted to 4.85p (19.35p losses) and the proposed final dividend of 2.25p holds the total at 4p.

Net borrowings fell to £2m at the year end while shareholders' funds totalled £14.5m.

James Fisher

In line with the company'e forecast at the interim stage, James Fisher, the Cumbria-based shipping group, suffered a further deterioration in trading in the second balf and ended the year in the red.

The loss on ordinary activities before a tax credit was £5.63m, against a profit of £1.49m last year. Turnover fell by 8 per cent to £28.5m (£31.1m).

Sir David Hardy, chairman, said that the outcome had been worsened by the need to add a number of provisions during the period.

After the tax credit, which amounted to £1.84m (£847,000 charge), losses per share came out at 15.76p (2.66p earnings). There is no dividend this time (last year's pay-out totalled 1p).

High Gosforth

High Gosforth Park, the racecourse operator, announced pre-tax profits of £49,675 for the year to end-December, against a deficit of £21,150 last time. Turnover rose from £1.13m to £1.2m.

Net interest receivable and similar income increased to £179,931 (£40,936). After tax of £39,656 (£4,080) earnings per share emerged at 11p (losses 27.7p).

Bournemouth Water

Bournemouth Water, whicb supplies water to the Bournemouth and Dorset area, lifted pre-tax profits from £4.75m to £4.84m in 1993.

Turnover advanced more strongly, from £12.1m to £12.7m. Earnings per share fell from 469p to 285p basic and from 320p fully diluted. A proposed final dividend of 91p makes 120p (86p) for the year.

The company'a parent is Biwater.

Blackwood Hodge

Blackwood Hodge, part of the BM Group, announced a pre-tax loss of £5.02m for the six months ended December 31 after a £6m exceptional charge to reduce further the size of the remaining parts of the Canadian operation to facilitate its disposal. In the comparable period of 1992 there was a profit of £147,000.

Turnover for continuing operations increased by 20 per cent to £97.08m (£80.57m) reflecting improved economic activity in the US.

Because of the continuing deficit of reserves there is again no preference or ordinary dividends. Losses per share were 3.3p (0.7p).

GR (Holdings)

Losses at GR (Holdings), the leisure and fitness, property and sheepskin processing concern, rose from £124,753 to £216,882 over the half year ended December 31.

The deficit took account of a provision against costs of joint interests amounting to £121,782 (nil) and a loss on investments of £98,518 (nil).

Directors said the second half loss was likely to be sligbtly in excess of the £333,000 recorded for the same period of the previous year.

Turnover of continuing activities totalled £2.1m (£2.14m). The interim dividend is beld at 0.4p. Losses per share emerged at 2.3p (1.3p).

TR Far East Income

Net asset value of TR Far East Income Trust increased by 22 per cent to 196.2p at the end of February 1994, against 160.9p six months earlier.

The performance compared to a 30.5 per cent rise in the FTA Pacific Basin Sterling Index, excluding Japan, and a 1.7 per cent rise for the same index, including Japan.

After-tax earnings jumped 48 per cent to £1.54m (£1.04m) in the six months period and earnings per share were 3.3p (2.2p). The second quarterly dividend is 1.4p making 2.7p (2.4p) to date – payments totalling not less than 5.5p (5p) have been forecast for the year.

Graystone

Acquisitions and improved performance from its remaining core businesses helped Graystone, originally the Ptarmigan Holdings sausage skin, artificial flower, ribbon and country hotel group but now an engineering company, turn in a pre-tax profit of £1.15m for the six months to December 31 against a restated loss of £56,000.

Turnover was £12.51m (£2.52m), with £8.29m (£1.76m) coming from continuing operations and £3.99m from acquisitions.

Operating profit came out ahead at £1.38m (£170,000). Continuing operations contributed £957,000 (£158,000) and acquisitions £413,000.

Earnings per share stood at 0.6p (0.38p) basic and 0.55p (0.38p) fully diluted. As a result of the improvement in profit performance, an interim of 0.1p is being paid.

Motor retailing improves on the back of a recovery in the UK

Inchcape ahead in 'tough year'

By Maggie Urry

Mr Charles Mackay, chief executive of Inchcape, the diversified group, described 1993 as an "exceptionally tough year" although normalised profits were still ahead on 1992.

While group turnover rose by 16.7 per cent to £5.88bn, a fall in margins left operating profits only 7.1 per cent higher at £279.6m, including associates.

The pre-tax profit figure, on Inchcape's normalised basis, excluding exceptional gains of £8.1m (loss £2.1m), but including property profits of £10.9m (£3.2m), rose 4.4 per cent from £252.2m to £263.3m.

However, the small change in the group figure hid large swings between divisions. For the first time, the group split out the operating profits from motor retailing, which showed a jump from £43.6m to £71.4m, on sales 10.2 per cent higher at £2.11bn.

This largely reflected the recovery in the UK retail market, although car sales are still well below their late 1980s peak.

Importing and distribution, the other part of the motors business, suffered from the strong yen, which squeezed margins and caused volumes to fall, and declining markets in continental Europe. Operating profits fell 12.7 per cent to £106.1m, including associates, in spite of a 31 per cent rise in sales to £2.59bn.

Inchcape largely distributes cars from east Asia, notably from Toyota. Although market shares were increased this was at the expense of margins, as additional advertising and promotion costs were borne.

Results from the marketing division, which manages brands such as Colgate in the Middle East and Heineken in Hong Kong, were disappointing, Mr Mackay said. Profits, including associates, fell by 6.7 per cent to £58.2m although sales were 20.5 per cent up at £1.29bn. Inchcape was hit by the recession in Japan, which limited consumer spending, and austerity measures in China.

The services division, which includes insurance, testing, shipping and buying, increased profits by 27.4 per cent to £53.9m, with three of the four sharply higher. Buying made a £1.2m loss (£3.4m profit) as retail demand remained weak.

Interest charges rose £15.1m to £27.2m. Mr Rod O'Donoghue, finance director, said the underlying increase was about £4m, although gearing fell from 31 to 23 per cent. Net debt fell £24m to £205m, with the cash inflow before financing at £21.1m. This was after capital expenditure of £33.9m and acquisitions of £103.4m.

Sir David Plastow, chairman (left), with Charles Mackay: importing and distribution suffered from a strong yen, which caused volumes to fall, and declining markets in continental Europe

Proteus calls on shareholders for £10m

By Daniel Green

Proteus International, the biotechnology company, is making another call on shareholders with a 1-for-7 rights issue to raise about £10.4m after expenses.

Mr Kevin Gilmore, executive chairman, said the cash would be used to pay for research and development over the next two years by which time the company's revenne stream might have risen enough to cover expenses.

The cash-raising operation comes less than two months after UBS resigned as joint broker to the company following disagreements over the speed with which its products could reach the market.

The new ordinary shares are expected to be issued at 284p and dealings in the nil paid shares are expected to start today, with the latest time for payment April 20. The shares closed 2p lower yesterday at 290p.

The rights issue will dilute the bolding of Imseco, a private company, from 49.5 per cent to 43 per cent. Imseco is controlled by Mr Gilmore and Mr John Poole, Proteus' managing director.

The issue is being underwritten by Allied Provincial Securities, broker to the Cheshire-based company.

Protens raised about £12m via a cash call in May 1992, two years after it was floated on tha USM at 87p a share.

For the six months to September 30 pre-tax losses at Proteus doubled to £2.73m. The company specialises in using powerful computers to design drugs.

● COMMENT

The good news is that Proteus has a long pipeline of products in development, the first of which should generate some revenne this year. The rights issue is no sign of weakness: such companies need regular infusions of capital to keep going until drugs are marketed. The bad news is that there are serious qnestion marks over whether the rights issue is worth taking up. Proteus still has not found a big name stockbroker to represent it after the resignation last month of UBS. Nor has it managed to sign collaborative agreements with big research-driven drugs companies which have the expertise and cash to buy into the best of the biotech sector. The rights issue is, at best, speculative.

Forth Ports suffers 11.8% decline to £9.6m

By James Buxton, Scottish Correspondent

Forth Ports, the Scottish ports operator which was privatised just before the 1992 General Election, saw an 11.8 per cent fall in pre-tax profits to £9.6m in the year to Decembar 31 1993.

Turnover rose from £32.4m to £33.1m and operating profit increased by 2 per cent to 10.2m.

However, the pre-tax figure did not enjoy the £1.2m boost it received in 1992 from a gain on early repayment of government loans.

The company warned when it presented its interim results last September that the second half would suffer from a reduction in business from British Steel's pipe coating business at Leith. But in the event other port business held up well, said Mr William Thomson, chairman, and the company gained from the unexpected import of large numbers of Ford Mondeo cars.

Mr Thomson said there had been an encouraging start to 1994, and Forth Ports was benefiting from a new long-term agreement with BP on piped cargo from tha Hound Point terminal, as well as a new 15-year towage contract with Shell for the Braefoot terminal. There was increased container traffic at Grangemouth.

Net borrowings fell from £6.8m to £1.7m at the year end, and gearing dropped from 18 per cent to 4 per cent.

During 1993 Forth Ports' joint venture company, Victoria Quay, reached agreement with the Environment Department's Property Holdings to develop a 350,000 sq ft office block for the Scottish Office in Leith.

The building has been sold forward for £47.5m and Forth Ports expects to take the profit from the sale in 1994 and 1995.

The company says related property developments are already going ahead as a consequence of the Victoria Quay deal, and expects a "significant contribution" from Victoria Quay in 1994.

Earnings per share were 21.4p (23.8p), or a rise of 22 per cent on 1992's figure of 17.5p, reached after adjusting for the full year's pro forma interest charge and excluding the gain on early repayment of government loans.

The shares, which were floated at 110p and reached a high for 1993/94 of 508p, fell 16p yesterday to 489p. A final dividend of 5p is proposed, making 7.25p (6.25p) for the year.

Analysts yesterday forecast pre-tax profits for 1994 of between £12.25m and £12.5m.

Blagden tumbles £10.6m into red

By David Wighton

Blagden Industries, the steel drum maker which has been badly hit by recession in continental Europe, is planning a £20m rights issue and is passing its final dividend after dropping to a £10.61m loss in 1993 . The shares fell 26p to 127p on the news.

The pre-tax loss, which compared with profits of £7.63m, was after £13.3m of exceptional items and interest of £3.23m (£3.37m).

Mr Lance Levine, finance director, blamed the group's problems largely on the situation in the German drum market which he said was "becoming lunatic".

"No-one in our business in Germany is making money. The industry is being run by people who have never known bad times." He added thet the problems were exacerbated by public sector support for some of Blagden's struggling competitors which in Britain would be insolvent. "It is not a level playing field," he declared.

Blagden, 80 per cent of whose drum sales are on the Continent, is relatively small in Germany. But German exports have flooded into its main markets in France and Belgium.

Drum sales outside the UK fell to £118m (£123m) despite a boost from the lower pound, and profits to £4.08m (£7.23m).

Group operating profits dropped from £10.9m to £5.88m on sales of £225.5m (£229.8m).

The provisions pushed gearing to an "undesirably high" 82 per cent and the group is planning a rights issue to raise at least £20m before the end of May.

Mr Levine said negotiations with its lead banker, National Westminster, were progressing well and that the delay was because of the recent arrival of new chief executive Mr Richard Searle. "He needs some more time to decide just where we should be going."

Mr Searle joined the group earlier this month, replacing Mr Cameron Smith who left "after amicable discussions".

The exceptional items included a £3.8m provision for loss on disposal of its French and Belgian packaging operations, £831,000 for the closure of the Paisley drum operation, £2.33m for redundancies, in the UK, Spain and France and a further £6.85m for unspecified site rationalisation costs.

No final dividend leaves a 1.5p interim for 1993, against the previous year's 9.5p total.

Enlarged MY 24% higher at £1.13m

MY Holdings, the enlarged specialist packaging group, returned pre-tax profits of £1.13m for the half year ended February 26, an improvement of 24 per cent over last time's £911,000.

Turnover rose by 19 per cent to £19.1m with recent acquisitions, Kohler Packaging and Doncaster Packaging, contributing £518,000 to turnover and £89,000 to operating profits.

Last month, MY expanded further via the £21.3m purchase of Insight Cartons, a provider of printed folding cartons primarily for the food industry. Consideration was funded by a placing and open offer which raised £23m.

MY's majority shareholder, Malbak, took up only part of its rights under the open offer. That reduced its shareholding in the group from 85.7 per ceot to 65 per cent and allowed MY to return to the main market.

Mr John Grainger, chairman, said the half year results were scored against a backdrop of "muted demand and fierce competition".

He added that the board remained "concerned" in the short term over the weakness of the UK economy.

Earnings per share emerged at 1.77p (1.48p) and, as forecast, the interim dividend is being doubled to 0.5p.

The board expects to maintain the final payment at last year's level of 1p.

British Land buys £128m portfolio

By Vanessa Houlder, Property Correspondent

British Land yesterday announced a £128m acquisition of a property portfolio from Royal Insurance, a composite insurer.

The properties will be transferred to the BL Quantum Property Fund, the joint venture thet British Land set up with Mr George Soros's Quantum Fund last summer. It will bring the total investment of the fund up to about £400m.

The portfolio, known as Sterling Estates, consists of 167 properties, predominately in the retail sector, spread throughout the UK. The rental income from the portfolio, which amounts to 1.8m sq ft, is about £10.8m a year.

British Land said it believed it could extract additional value from the portfolio, which was better suited to the management-intensive style of a property company than an investment institution.

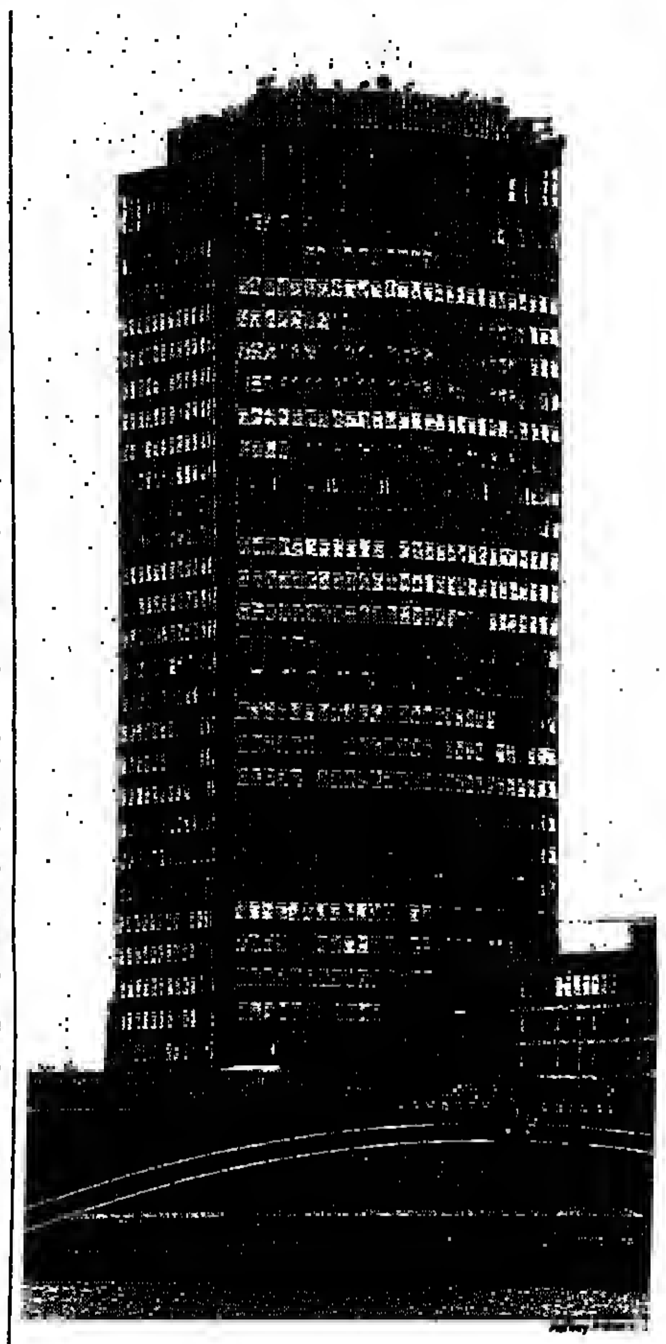
"The portfolio will be beneficial because of its strong freehold and retail content, its Scottish weight and its diversity of management opportunity, including the possibility of trading," it said.

Royal Insurance said the portfolio, which it had owned since the 1970s, was put up for sale last October because the illiquidity of commercial property made it inappropriate for a general insurance fund. The money will be reinvested in equitias. Tha company's remaining £140m of commercial property is held for its own occupation.

The Sterling Estates portfolio is 92 per cent freehold. Over 60 per cent of the properties are in the retail sector; it also inclndes offices, industrial property and warehousing. More than half of the properties are in the south of England, 10 per cent are in Scotland with the remainder in the Midlands, the north and Wales.

The payment will be £120m in cash and 2m shares in British Land. The company has the option either to procure delivery of the shares to the vendor or to allot new shares. Completion of the deal is expected to take place on April 25.

See Lex



Millbank Tower up for sale at £73m

Legal & General, tha life assurance company, has put the Millbank Tower, adjacent to London's River Thames, up for sale at a price of £73m, writes Vanessa Houlder.

The building's largest tenant is the government, together with Pearson, British Gas, Vickers, Royal Bank of Scotland and Ferranti.

L&G is selling the property to rednce its weighting of property in Victoria, following a decision to invest £60m in refurbishing a government-let building in Victoria Street.

The life assurance companies remain a net investor in property, having exchanged contracts on about £200m of properties this year.

Italian acquisition helps Sherwood advance to £18.5m

By David Blackwell

A strong performance from the Italian bra maker acquired last April helped Sherwood Group, the Nottingham-based lace, lingerie and socks maker, to lift 1993 profits by 9 per cent.

Pre-tax profits rose from £16.9m to £18.5m – just above the figure given 10 days ago in a profits warning. The shares, which fell 19p to 151p after the warning, closed yesterday at 132p, up 2p.

Lepel, the Italian acquisition, contributed £3.4m to profits and £10.4m to total turnover of £153m (£144m). Margins at Lepel were 32.9 per cent. Mr David Parker, executive chairman, said the Italian company had lived up to Sherwood's high expectations.

Garment sales, including sales from Lepel, totalled £74.2m, up from £66.1m. Operating margins were 16.1 per cent, against 13.2 per cent. However, the increased profitability in lingerie was offset by a decreasa in socks, which were hit by imports to the UK.

Turnover in lece increased from £78.4m to £80m, or 52 per cent of total sales. Of this, half was sold in continental Europe. Operating profits of tbe group's European lace makera fell from £4.68m to £1.58m on unchanged turnover of £49.5m, reflecting the devaluation late in 1992 of sterling, the lira and the peseta.

The group is restructuring its Dentex lace operations in Germany and the Netherlands, streamlining the sales mechanisms and cutting the number of sites. In addition, the group management is being restructured, with a lace operational board and garments operational board reporting to the main board.

Mr Parker is quitting his dual role as chairman and managing director to become executiva chairman. Mr Jim Telfer, who has been in charge of Birkin, the UK lace maker, has been appointed group managing director. Mr Ben Martin, recently retired as a director of Barclays de Zoete Wedd, has been appointed as second non-executive director.

Earnings per share edged ahead to 10.7p (10.6p) and the board is proposing a final dividend of 1.9p (1.7p) taking the total for the year to 2.9p (2.6p).

● COMMENT

If profits for the current year come in at abont £21m, the shares look cheap with a prospective multiple of 11. The balance sheet is strong, with interest cover just over eight times. But the group blew a small hole in its credibility by issuing a warning so soon before the results. It now has to show that the impressive margins at Lepel are sustainable; that the new management structures for the group and Dentex are working; and that it can fight back in the sock markat. If recovery comes, the shares could be seen as a bargain. But there remains the risk of something else going wrong and not being picked up until late.

Willis Corroon crisis service

By Richard Lapper

Willis Corroon, the insurance broker, is to link up with three other international organisations to form Global Liability Management, a company which will sell risk control and crisis management services to multinational businesses.

Other participants in Global Liability Management include Rowland Worldwide, a communications company which is a subsidiary of the Saatchi & Saatchi Company; Acer Consultants, a UK company specialising in industrial and infrastructural engineering and environmental policy analysis; and Popham, Haik, Schnobrich and Kaufman, a leading firm of US lawyers on environmental and product liability litigation.

Mr Rodney Meere, chairman of Willis Corroon Hinton risk management subsidiary, and a GLM board member, said the new company would provide a "single source of liability advice and management" on a worldwide basis.

The development reflected the "trend to bring under one management such functions as insurance, corporate security, public relations, law and environmental engineering," said Mr G Marc Whitehead, chairman of GLM and of Popham, Haik. GLM's board includes three representatives from each member company. It will be incorporated in Belgium and have offices in London, Hong Kong and New York.

Roxboro beats flotation forecast with rise to £6.4m

By Paul Taylor

Roxboro, the Newmarket-based manufacturer of specialist electronic and electrical products, yesterday reported 1993 pre-tax profits of £6.4m, comfortably ahead of the £5.7m forecast when the group came to market in November.

The pre-tax figure represented a 66 per cent increase ovar the £3.9m recorded in 1992. Turnover from continuing operations increased by 28 per cent to £41.9m with exchange rate movements contributing £3m.

Export sales, mostly to original equipment manufacturers, grew by over 60 per cent and now account for 25 per cent of total sales.

After plant closure costs of £500,000, offset by a £450,000 release from other provisions, operating profits worked through at £6.63m (£3.64m), including £445,000 (£65,000) from discontinued operations.

BLP Components, the electromagnetic product business, boosted operating profits from £273,000 to £1.27m, on sales £2m ahead at £16.7m. The growth in the main came from export markets where sales increased by 47 per cent to £6.3m.

Dialight, the US-based electro-optical busineas, raised operating profits from $6.8m to $9.8m (£6.7m) on sales which grew by 19 per cent led by contioued growth in the Local Area Network market.

The group ended the year with a £9.7m (£7.8m) order book which Mr Harry Tee, chief exectitive, said had increased further to £10.8m at the end of February.

As a result of the flotation the balance sheet was considerably strengthened and the group ened the year with net cash balances of £4.7m after capital expenditure last year of £1.9m.

Earnings per ahare amounted to 14.3p (13.2p). As forecast, thera is no dividend.

The shares, which were issued at 230p, closed 15p higher at 248p.

Growth in investment trusts helps EFM double to £9.78m

By Bethan Hutton

A record year for the fund management industry is reflected in good results from Edinburgh Fund Managers, whicb more than doubled pre-tax profits from £4.75m to £9.78m for the year ending January 31 1994.

A final dividend of 16p was proposed, bringing the total to 22p, an increase of 63 per cent on last year's 13.5p.

Earnings per share more than doubled to 37.2p against 16.7p, restated from 18.1p to comply with FRS 3.

Turnover grew by 67 per cent, from £11.1m to £18.5m, while funds under management expanded from £2.39bn to £4.01bn.

The incraased turnovar included new fee income from the acquisition of Target Trust Managers from the TSB, and the takeover by EFM Dragon of the Drayton Asia investment trust.

A total of £590m of net new funds were received during the year, including £48m from the launch of the EFM Small Companies Trust in August.

Investment trusts continue to make the largest proportion of EFM'a funds under management, at £1.74m (43 per cent) against £1.05m (44 per cent). Discretionary funds accounted for 31 per cent, unit trusts 16 per cent, and private client funds 10 per cent.

"Investment trusts are traditionally a Scottish product and it is very pleasing to see their continued return to favour, particularly among private investors," said Mr Ross. The group has launched two new investment trusts, focusing on east Asia and Latin America, since the start of this year.

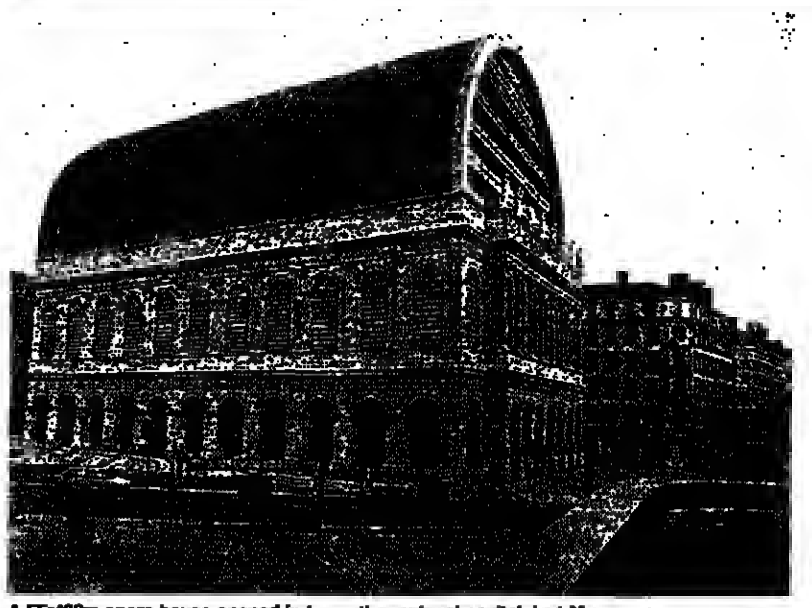
FINANCIAL TIMES SURVEY

RHONE ALPES

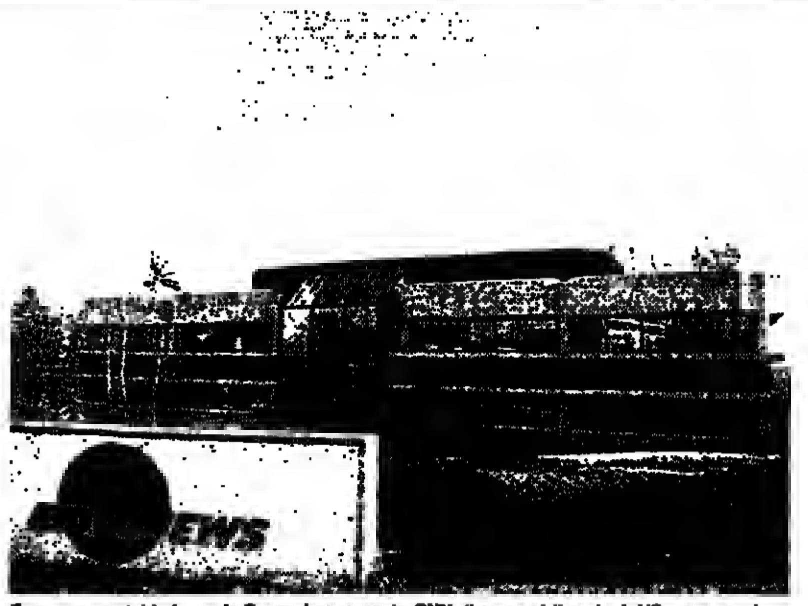
Raymond Barre is well cast as the Grand Old Man of local politics: Page II

Cité Internationale: ambitious new property project for Lyon: Page III

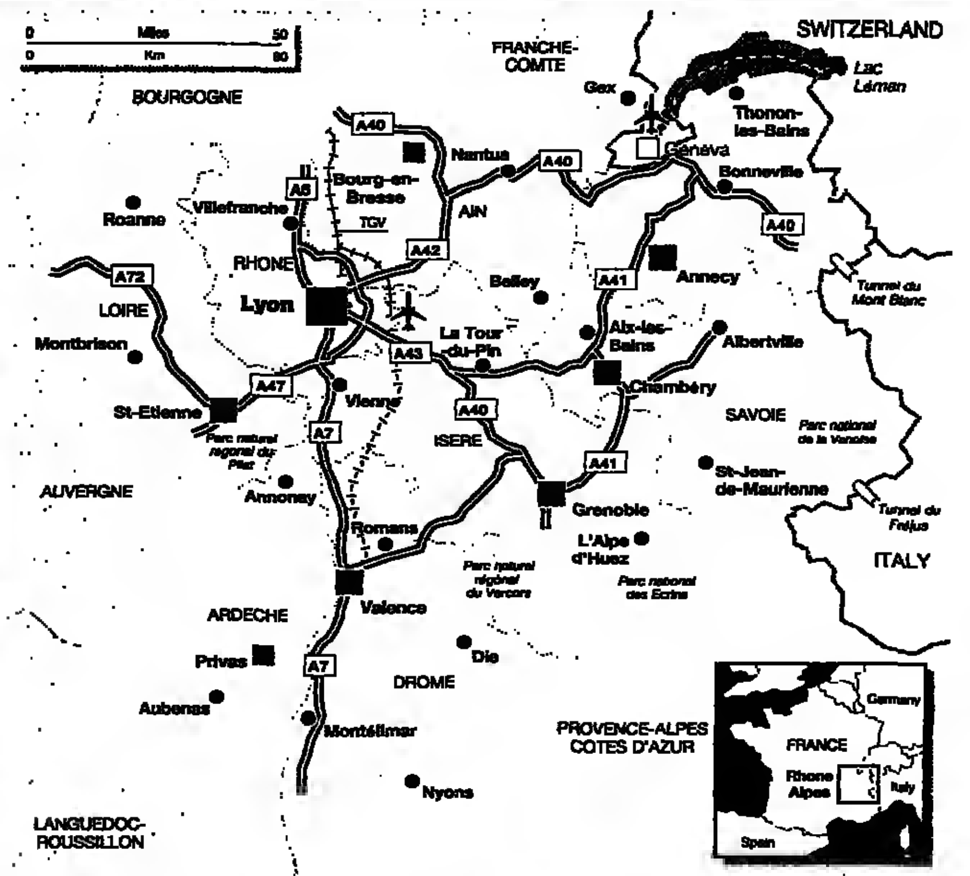
Tuesday March 29 1994



A FFr490m opera house opened in Lyon, the regional capital, last May Picture: Gerard Amsellem



Euronews, outside Lyon, is Europe's answer to CNN, the round-the-clock US news service



Region revitalised for prosperity

France's largest economic region outside Paris, an historic centre of French conservatism, is hauling itself out of recession. Alice Rawsthorn reports

When the glossy new Opéra de Lyon opened its doors on the Place de la Comédie last summer, the city gained a state-of-the-art opera house, an architectural showpiece which has transformed its skyline.

The new Opéra is an uncompromisingly contemporary building designed by Jean Nouvel, one of France's most innovative architects. His modernist vision is only the first of a series of ambitious architectural schemes for Lyon over the next few years. Restoration of the Beaux Arts museum is nearly complete. The first phase of the Cité Internationale commercial and cultural complex, designed by Renzo Piano, the Italian architect, opens next spring. These buildings are intended not only to revitalise Lyon, but to enhance its status as the capital of the Rhône-Alpes region.

"Rhône-Alpes is already established as one of Europe's strongest economic regions," says Thierry Bernard, head of ERAI, the local business development organisation. "But if we are to prosper in the future we must improve our resources and that inclndes ensuring that Lyon is recognised as a city of international calibre."

Rhône-Alpes today is a vast and varied region stretching from the Rhône and Beaujolais vineyards in the north to the snow-capped Savoie mountains on the Swiss and Italian borders in the east, to the rural beanty of the Ardèche in the south. Physically it is the same size as the Netherlands, Belgium and Switzerland toether. Its population of 5.2m people is roughly equivalent to those of Denmark and Finland.

Economically Rhône-Alpes is the second largest region in France, after the Ile-de-France area around Paris. Its gross domestic product is FFr574m. It owes its economic strength to the long tradition of scientific innovation in its universities and to the manufacturing prowess of its cities: Lyon with its broad industrial base; the old mining and textile town of Saint-Etienne; and the pioneering high-tech centres around Grenoble.

Tha solidity of its old industries, coupled with the dynamism of its new high-tech enterprises, has historically sheltered Rhône-Alpes (apart from Saint-Etienne) when the rest of France has been bruised by recession. Its location – so close to Germany, on the border with Switzerland and Italy – has helped local businesses to build up buoyant export trade to counter any downturn in domestic demand.

When the present French recession began three years ago it seemed as though the Rhône-Alpes region would again emerge unscathed. But the franc's strength since the currency crisis of autumn 1992 has had a devastating effect on the region's exports – particularly on sales to Italy, its main foreign market. Since then, the region has been blighted by job losses, business failures and plunging property prices. The recession may have been shorter there than in other areas, but it has undoubtedly been sharper, as illustrated by the alarmingly steep increase in unemployment.

Traditionally, the level of unemployment in Rhône-Alpes has been lower than in the rest of France. However, the speed and scale of cutbacks over the past two years has brought the region almost into line with the national average. At the end of 1991 unemployment in the region stood at 8.7 per cent, against a national average of 9.8 per cent. The unemployment figure has since risen by 20 per cent in the whole of France – but it has increased by 27 per cent in Rhône-Alpes. As a result, 11.4 per cent of the local workforce is now unemployed: uncomfortably close to the national average of 11.8 per cent.

The worst affected areas have been those which were once most prosperous. Grenoble has been badly affected by the crisis in international electronics which has forced many local companies, notably Thomson and Bull, to rationalise, thereby imposing intense pressure on their sub-contractors and suppliers. Similarly, Lyon has been hit by the difficulties of its chemicals, textile and construction companies.

By contrast, Saint-Etienne is still licking its wounds after the long term erosion of its industrial base caused by the closure of its old coal mines and textile mills. It has at least the consolation that unemployment has recently risen more slowly there than in the rest of France. However, the local unemployment level is still above the national average, at about 13 per cent.

There are now signs that the tide is turning and that Rhône-Alpes, having gone into recession later than other regions, may be emerging earlier. "It's too soon to talk in terms of recovery, but the situation does seem to have stabilised," says Guy Morens, deputy mayor of Grenoble. Jacques Moulinier, his opposite number at Lyon, shares his cautious confidence.

"The Rhône-Alpes economy reached its nadir last October and is now in a stable state," says Thierry Bernard of ERAI. "The number of job losses is falling and business start-ups are accelerating. Companies have managed to reduce their stock levels and orders are starting to increase again."

Two years of severe recession argue against a rapid recovery. The consensus among local economists is that the situation will remain reasonably stable through spring and summer, with an upturn forecast for early autumn.

In the meantime, local officials are sticking to their long term strategy of trying to make the most of the region's cosmopolitan location by attracting international investment. The rejection last year of Lyon's bid for the European Monetary Institute (precursor of the European Central Bank) was a serious blow. It would have been an invaluable catalyst for investment.

Yet the regional authorities and city councils are pressing ahead with plans to improve local infrastructure. One aspect of this strategy is investment in prestige arts projects such as the FFr490m Opéra de Lyon and the sumptuous new FFr210m Musée de Grenoble. Another is the continuing effort to improve road and rail links. Creation of the TGV *(trains à grande vitesse)* network was an important reason for the region's buoyancy in the 1980s. It is still growing. In June, Satolas, the main Lyon airport, will become the first French airport with a TGV link.

But the most ambitious project of all is the plan to link Lyon to Turin by TGV. This would reduce the travelling time between the cities to just over an hour, but the scheme – which would involve tunnelling 56km through the Alps – would be extremely complex and expensive.

The traumas of the Channel Tunnel project have deterred prospective private sector investors. The *Lyonnais* and their Italian partners will soon start lobbying for public sector support. They are beginning to realise that funding will be hard to find in the current economic climate.

But they are also acutely aware that a trans-Alpine high speed rail link could enable Lyon and the rest of the Rhône-Alpes to fulfil their true potential as one of *the* European commercial centres in the next century.

Raymond Barre, Michel Noir and Alain Carignon: local political heavyweights

Alice Rawsthorn reviews local politics

The radical charm of the bourgeoisie

At first glance the affluent Rhône-Alpes region, with its bustling commercial centres and its conservative-controlled *hôtels de ville* (town halls) looks like a bastion of right-wing traditionalism.

But beneath its bourgeois façade the Rhône-Alpes has a long history of radicalism. The citizens of Grenoble have long boasted that the Revolution began there in 1788, a year before the rest of France. The city of Lyon was the heartland of social catholicism in the 19th century. More recently the region has seen some dramatic squabbles on the French right.

By far the most controversial of the Rhône-Alpes's latter-day radicals is Michel Noir, the 49-year-old mayor of Lyon, who has not only broken away from the Gaullist RPR to form his own political party but is now threatened by imprisonment over his alleged involvement in a fraud case.

Only a few years ago Mr Noir appeared to be rising effortlessly through the RPR ranks. He served as a junior finance minister during the last centre-right coalition government, from 1986 to 1988, and was even tipped as a future successor to Jacques Chirac, the powerful mayor of Paris, as the party's leader.

But Mr Noir resigned from the RPR in late 1990, in protest at the bickering among the party leadership. He founded his own breakaway movement in the hope that other disillusioned French conservatives would follow. (In the event he was joined by only two colleagues and his new party has never taken off.)

He has continued to clash with the RPR leadership – sometimes to Lyon's detriment. Most locals, for instance, are convinced that one reason for the city's failure to become the location for the European Monetary Institute was the lack of support from the French government. Yet Mr Noir has held on to the support of the *Lyonnais* voters.

He now faces his toughest challenge so far. Pierre Botton, his son-in-law and former campaign manager, has already served five months in prison for fraud. Mr Botton has accused the Lyoo mayor of misappropriating public funds. He has denied the charge but the case against him has yet to be concluded. If Mr Noir is found guilty he will almost certainly face the same fate as his estranged son-in-law: imprisonmeot. But a "not guilty" verdict would confirm him as the Rhône's champion against the Parisian power-mongers – and he could, in the words of one local polbtician, "be mayor of Lyon for life."

His near neighbour, Alain Carignon, mayor of Grenoble, has also clashed with the RPR leadership, although not quite so spectacularly as Mr Noir. Mr Carignon, 45, was suspended from the party a few years ago for urging voters in a local by-election to support the Socialists rather than the extreme right-wing National Front.

But Mr Carignon, unlike Mr Noir, has remained within the RPR ranks. He has also managed to repair relations with its leadership. He failed in his bid to become arts minister after the conservatives' success in last spring's legislative elections but was given the communications portfolio.

Since then Mr Carignon has had to grapple with the task of pushing his broadcasting reforms through parliament. (He has also come under fire in the recent row over the future of Canal-Plus, the popular pay-TV channel, and the sudden resignation of its founder, Mr André Rousselet, as chairman.)

His cabinet colleague, Michel Barnier, can count himself lucky to have been able to adopt a lower profile in his potentially contentious post as environment minister. Mr Barnier, 43, who has held the Albertvills seat for the RPR since 1978, came into the limelight two years ago when he chaired the organising committee for the Albertville Winter Olympics.

The environment ministry is his first big role in national politics – and might have been something of a mixed blessing, given the power of France's green parties. But the environmentalists have seemed more interested in squabbling among themselves rather than in attacking Mr Barnier, who has had a relatively smooth ride in his first year as a minister.

Charles Millon, mayor of Belley and chairman of the Rhône-Alpes regional council, chose to opt out of the cut and thrust: he has refused no fewer than three times to accept the agriculture portfolio on the grounds that it could conflict with his commitment to European unity. Few people would doubt that he made the right decision after the rows over France's role in the Gatt negotiations. But Mr Millon, 48, has found himself in the party political firing line as the parliamentary leader of the UDF, ths main opponents of Edouard Balladur's RPR faction within the ruling centre-right coalition.

So far Mr Millon has avoided too many public rifts with the prime minister. But he has never been known to shrink from conflict in the past and rarely loses an opportunity to remind Mr Balladur that he and his fellow UDF adherents will *not* be content to play a passive role in the coalition.

Of all the local political heavyweights, only Raymond Barre, the former economics professor who was prime minister of France in the late 1970s, has managed to remain entirely aloof from the fray in local and national politics. Now 70, Mr Barre is perfectly cast in the role of the grand old man of Rhône-Alpes politics and is an enthusiastic advocate for the region. He may have lost last year's battle to lure the European Monetary Institute to Lyon, but he recently scored a more modest success by helping to persuade the Aspen Institute to base its French headquarters in the city.

■ Lyon

EU flag flies highest

There are three flags fluttering on the flagpole at the arched entrance to the Hôtel de Ville in Lyon: the tricolour is one, the city flag is another, but the flag that flies the highest, is the blue and yellow banner of the European Union.

The *Lyonnais*, predictably, are fiercely proud of Lyon's position as France's second city after Paris. They are also acutely aware of the importance of its location: so close to the French borders with Switzerland, Italy and, even, Germany. The *Lyonnais* are now counting on the city's excellent logistics to repair the damage of the present recession and to secure its future.

"Historically Lyon has owed its success to its role as a crossroads not only betweeo Paris and Marseille, bnt between France and its neighbours over the Alps," says Jacques Moulinier, deputy mayor and head of economic development. "Europe now needs crossroads cities more than ever and Lyon is perfectly placed to play that role."

"Europe now needs crossroads cities more than ever and Lyon is perfectly placed

Lyon, which has sprung up around the meeting point of the Rhône and Saône rivers, traces its trading post role bsck to the Bronze Age. It became the religious capital of the Gauls before being converted to Christianity and in the Renaissance era was, thanks to the skill of its silk weavers and bankers, one of Europe's busiest commercial centres.

Yet Lyon has a second, rather more romantic side to its heritage: the legacy of centuries of political and intellectual dissent. In medieval times it was the heartland of Waldensian heresy – a renegade sect that rebelled against the established church – and became a centre for the resistance during the second world war.

More recently Michel Noir, its conservative mayor, has perpetuated the dissident tradition by breaking away from the RPR, the Gaullist party led by Jacques Chirac, the powerful mayor of Paris.

Michel Noir is still at loggerheads with the RPR and also faces the threat of imprisonment if he is found guilty of involvement in *l'affaire Botton*, a fraud case for which Pierre Botton, his son-in-law, has already been convicted. "If he loses the case he'll lose everything," says one Lyon businessman. "But if he wins, Michel Noir will be mayor of Lyon for life."

While the mayor fights for his political future, Lyon itself is trying to get to grips with its economic problems. The local economy has traditionally been more robust than that of France as a whole and, indeed, than the rest of the Rhône-Alpes region.

The recession started later in Lyon than in othar French cities, notably Paris, Lille and Marseille, but it has since struck particularly sharply. Until two years ago the level of unemployment in the Rhône area around Lyon stood at 8.5 per cent, well below both the national average of 9.8 per cent and 8.7 per cent for the rest of the Rhône-Alpes region. It now stands at 11.7 per cent, only a fraction below the national figure of 11.7 per cent and above the Rhône-Alpes average of 11.4 per cent.

The situation is even worse in *les zups*, deprived suburbs on the fringes of Lyon such as Vaulx-en-Velin and the Les Minguettes area of Vélisseux. The level of unemployment in these areas hovers at about 25 per cent and is even higher – more than 30 per cent – among school leavers.

There are signs that the worst of the recession is over and that the economic situation is stabilising. "It's more a matter of sentiment than of firm figures," says Guy Barriolade, chief adviser to the president of *Communauté Urbaine de Lyon*, the district council. "But local companies do seem more confident and the trading climate is more positive."

Lyon's response to its recent economic problems has been to stick to its long term strategy of trying to upgrade its international image so that it can attract the large investment programmes it needs to generate new jobs and to stabilise its economy.

The main aim of this strategy is to overcome the shortcomings of its "second city" status by enhancing its role as a decision-making centre.

The city has already benefited from the long term policy initiated by the old socialist government of decentralising the French public sector by moving a number of organisations from Paris into the provinces.

It has also succeeded in attracting a number of international institutions, notably Interpol, tha espionage network, and more recently, the Aspen Institute, which is setting up its French headquarters in the city.

But Lyon lost an important battle last year when it was beaten by Frankfurt in the race to house the European Monstary Institute. Some locals still blame the French government for its defeat arguing that Edouard Balladur, the RPR prime minister, baulked at supporting the *Lyonnais* bid because of Michel Noir's break with his party.

Undeterred, Lyon is pressing ahead with its image improvement strategy.

It started in ths 1980s by revitalising its university: investing in new facilities and bringing many of the 75,000 students back from the suburbs into the city centre. It has also embarked upon an ambitious arts programme. Its state-of-the-art opera honse, designed by Jean Nonvsl, opened last summer, and a contemporary art museum at the Cité Internationale complex designed by Renzo Piano, the Italian architect, is scheduled to open next year.

The new buildings are also intended to focus attention on the city's picturesque aspects

These new buildings are not only intended to enhance the city's cultural facilities but also to focus attention on the picturesque aspects of Lyon – the quays along its two rivers, the lovely old buildings of the old town and its wealth of museums – rather than its commercial status.

The city is also improving its infrastructure by continuing the road construction programma begun in the 1980s. This programme will be costly because of the difficulty of tunnelling through the hills that loom up behind the old town.But building work has begun on a *périphérique* ring road to encircle the city centre and on a new motorway bypass for the Paris to Marseille route.

The biggest and most expensive project of all is the ambitious plan to extend the TGV network across the Italian border to Turin. "It's the catalyst we need to really establish Lyon as an international business centre," says Mr Moulinier.

He adds: "We've done all the preparatory work. Now it's up to tha politicians."

A.R.

■ Grenoble

Veritable top model

Whenever France's local politicians ferret around for urban development role models the city of Grenoble is almost always at the top – at the very least, near the top – of the list.

Grenoble is home to many of the world's largest and most dynamic high tech companies. With its strong artistic tradition and stunning setting amid snow-capped mountains, it had for years enjoyed s stream of inward investment and a level of unemployment well below the national average.

Bnt all that has changed. "We enjoyed an artificially high rate of growth for many years," says Guy Morens, deputy mayor and head of Grenoble-Isère Développement, the local economic development agency. "Even when our traditional industries were affected by the economic recession, we continned to find growth in the electronics sector. But that sector is now in crisis and Grenoble has suffered like everywhere else."

The cutbacks at local electronics companies – such as parts of the Thomson gronp's activities and Bull, the troubled computer coocern – have had an immediate effect on the Grenoble economy. The rate of job losses in the city rose more rapidly than for the rest of France last year and now stands st over 11 per cent, roughly in line with the national average. Grenoble, once the envy of every investment-bungry French town, is now desperately trying to find ways of replacing its lost jobs.

Mr Morens and his colleagues have responded with a switch in economic development strategy. Grenoble, the city that led the rest of Europe in its quest for high tech investment, is now turning its attention to more traditional areas such as old-fashioned manufacturing businesses which tend to be more labour intensive and thus more effective at reducing unemployment.

The catalyst for tbe city's growth was the work of the scientists at its ancient university, notably that of Louis Néel, the Nobel prize winning physicist who arrived there during the second world war. The government decided to base the CNRS, national scientific researcb centre, at Grenoble in the late 1940s. Bull, Thomson and the other famous names in French electronics have long had operations in the region. The first significant tranche of international investmsnt arrived 21 years ago when Hewlett Packard, the US company, began an investment programme that culminated three years ago in the decision to relocate its micro-computer headquarters from California to Grenoble.

The flood of high-tech investment into the city and the surrounding area, dwarfed more traditional businesses such as the local foundries, paper mills engineering factories and even chemical plants such as the huge Rhône-Poulenc complex at nearby Le Pont-de-Claix. Alain Carignon, the mayor, and his colleagues have for some time been concerned about the subsequent imbalance in local employment.

"We hava been very successful at creating new professional jobs in the city and that's wonderful," says Mr Morens. "But we do have a problem in that there are too few unskilled jobs."

This problem has been aggravated by the recent contraction in the once-thriving electronics sector. The number of people out of work in Grenoble rose by 43 per cent from 1990 to 1993, according to Jacques Champ, head of research at GID, far faster than the 30 per cent increase for the whols of France over the same period.

The emphasis of investment is now on housing. There has been a similar shift in its cultural and leisure policy. The main project of the early 1990s, the construction of a FFr210m museum to house Grenoble's huge art collection, was completed earlier this year. The next important schems will be tha FFr200m renovation of the Maison de la Culture, legacy of André Malraux's reign as France's culture minister, opened in 1968 and now in a sorry state of disrepair.

"One reason why Grenoble has been so attractive to new investors is because it's such a pleasant place to live," says Mr Morens.

A.R.

■ Saint Etienne

Poor relation of the region

To most French cities the economic recession that has hit France over the past few years came as a nasty shock after years of prosperity, but for Saint-Etienne it has simply marked yet another milestone in its long term decline.

"Most people talk about the economic crisis as though it has only lasted for the past year or two," says Bruno Roux, head of economic development. "For us it has gone on for much longer. Saint-Etienne has gone through every imaginable crisis over the past 30 years."

The litany of closures and cutbacks that has hit Saint-Etienne in the post-war period is undeniably brutal. It is s relatively young city by French standards: tracing its roots to the 19th century whan coal mines and textile mills sprang up in the area. These mines and mills were later joined by steel plants engineering factories and by the 1930s Saint-Etienne was a thriving manufacturing centre.

Bnt ths city has since declined dramatically as its traditional industries have disappeared. Saint-Etienne lost almost 30,000 jobs with the closure of the coal mines, 10,000 with the demise of its textile mills and 25,000 through the demise of the steel plants. It has also lost a string of smaller sectors, including its bicycle factories and gun makers.

"The only consolation is that our traditional industries died at different times," says Mr Roux. "This did at least give us the chance to try to heal tha wounds left by one set of closures before the next catastrophe."

Tactics for attracting new investment include property incentives

Saint-Etienne probably reached its nadir in the early 1980s when the local level of unemployment was roughly double the national average at 12 per cent. Tha local authorities redoubled their efforts to attract new investment to the area and to try to strengthen and restructure the surviving companies.

This initiative was undoubtedly made more difficult by Saint-Etienne's image problem. The city, with its *nouveau riche* 19th century roots and traditional dependence on "dirty" industries such as coal mining, had long been regarded as s poor relation of prosperous Lyon less than 60km away, not least by the *Lyonnais* themselves. Its post-war tronbles undoubtedly reinforced this problem.

"One of our main difficulties is thet Saint-Etienne is seen as an old mining town," says Coralie Grimand, deputy director of the Loire Industrial Development Agency. "It isn't true. The mines closed down years ago. But images stick and are difficult to erase."

The *Stephanois*, as the citizens of Saint-Etienne are called, have attempted to build on their traditional skills to create new industries. They have tred to build on the links between the old textile and steel mills with the msdical products industry by targeting bio-medical companies. Similarly they have identified meat as a local speciality in the food sector on the back of Saint-Etienne's modern abattoir and its cattle market.

One of the city's chief tactics for attracting new investment has been to offer incentives in the form of property. Saint-Etienne has been active in redeveloping old properties for industrial use and selling or letting them at low rates. It has thus had some success at attracting new investment. The best period was between 1986 and 1987, which meant that the new arrivals and start-ups had the benefit of the buoyant years of the late 1980s.

There has also been s concerted effort to try to strengthen the existing industrial base. "Saint-Etienne is dominated by small companies, many of which are used to operating as sub-contractors," says Ms Grimand.

Saint-Etienne has also attempted to address its image problem by raising its profile in the arts. A Museum of Modern Art opened in 1987 with a collection that ranges from Monet and Rodin, to contemporary figures such as the German artists, Georg Baselitz and Gerhard Richter. Saint-Etienne has also developed its theatrical tradition by inviting European drama groups to the city.

The 1980s initiatives have helped to broaden tha local economy. The mix of businesses is now more varied. The biggest local employer is not s manufacturer but Casino, the supermarket group which was founded in Saint-Etienne and is still headquartered there employing more than 3,500 people in the area.

Coralie Grimand says there are signs of a modest pick-up in new investment. But the toll of job losses and business failures is still continuing and, according to Bruno Roux, there is no sign of the Stephanois sharing the increase in business confidence thet is evident elsewhere in the Rhône-Alpes.

A.R.

■ Crédit Lyonnais

Fortunes at a watershed

It was with some trepidation that Crédit Lyonnais, the great bank of Lyon, decided to move its headquarters to Paris in 1878. The bank's officials were so nervous about the move that they bought a building on Boulevard des Italiens which – if the worst came to the worst – could easily be converted into a department store.

Crédit Lyonnais is still in the same building. Despite the move to Paris, it remains a force back in its own home town. *Le Lyonnais* not only dominates banking and property in the Rhône region but is also an overweening physical presence in Lyon itself: its tall tower looms over the city's skyline.

The great bank of Lyon has reached a watershed in its fortunes that could prove as decisive as the move to Paris over 100 years ago. It has just emerged from a period of frenetic expansion under Jean Yves Habérer's chairmanship (1988 to 1993), which added to its domestic interests and extended its retail banking network across Europe, but also burdened the group with huge provisions on sour corporate loans and dud investments.

Crédit Lyonnais fell into the red for the third time in its history in 1992, with a net deficit of FFr1.05bn – and made an even heavier loss last year. Its performance in 1993 was so poor that its capital ratio fell below the minimum legal level of 8 per cent, prompting Mr Jean Peyrelevade, who replaced Mr Habérer as chairman last autumn, to call on the French government to rescue the bank with a recapitalisation package.

The government had no choice but to agree. After all, it could scarcely afford to countenance a Gallic version of the Banesto collapse which is still sending shock waves through the Spanish banking scene. Another consideration was the knowledge that it would never be able to privatise Crédit Lyonnais if the balance sheet remained in such a fragile state.

Details of the recapitalisation package have just been released. The government plans to give Crédit Lyonnais a cash injection of FFr3.5bn; FFr1.4bn will come from other shareholders, and there will be a float-off transfer of FFr40bn of loans to a new company, with FFr18.4bn of the total loans to be guaranteed by the state.

Analysts are confident that these measures should be sufficient to stabilise Crédit Lyonnais in the short term. It is now up to Mr Peyrelevade to take further steps to secure its long term position and to prepare the bank for its eventual privatisation.

One option is to raise capital through asset sales. Mr Peyrelevade began, earlier this year, by selling a 30 per cent stake in the Union des Assureurs Fédérales insurance group for FFr1bn. Last month he announced plans to sell off another FFr20bn of assets over the next two years, which will involve disposing of a large chunk of its FFr55bn investment portfolio.

Like other French banks, it has high staffing costs in comparison with its European competitors

This includes sizeable stakes in a number of private sector companies, such as the Bouygues construction company and Navigation Mixte industrial group, as well as holdings in other state-controlled concerns.

There is also significant scope for improving Crédit Lyonnais's financial performance through internal measures. Crédit Lyonnais, like other French banks, has relatively high staffing costs in comparison with its European competitors – thanks to France's traditionally high labour costs and the legacy of the state's influence over the banking business. Despite recent reforms, French labour law is still too strict to permit dramatic cuts in employment. Moreover, Crédit Lyonnais's own staff have demonstrated, through their participation in recent industry-wide strikes, that they would resist such initiatives. Yet analysts are convinced that it should be able to achieve some improvement.

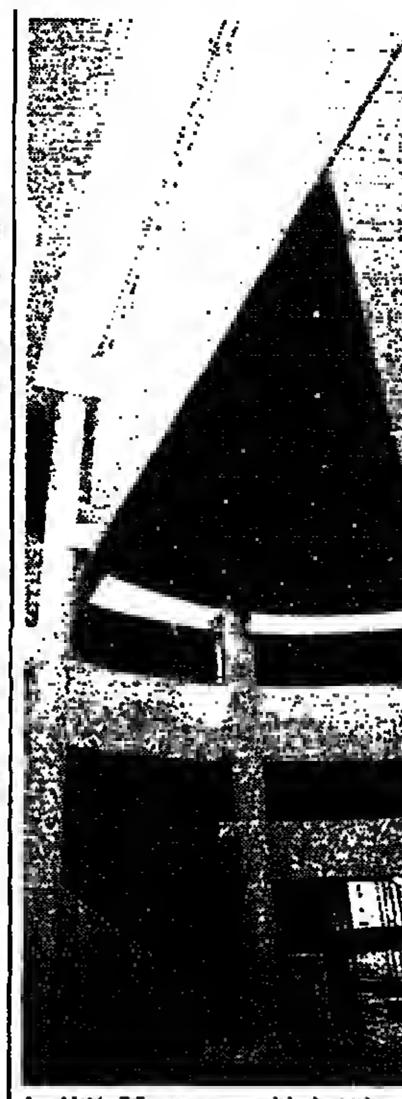
Crédit Lyonnais also seems set to benefit from an upturn in the banking market. France's banks, like every other area of the economy, have been badly affected by the recession. One problem has been the rise in provisions as a result of the steep increase in business failures and sharp fall in property values. But the banks have also been hit by weak demand for credit; static for the past two years, for the first time since the early 1940s.

These recessionary pressures are now easing. The slow but steady reductions in French interest rates should soon start to stimulate demand for credit from consumers and the corporate sector. Residential property is already showing signs of recovery and the commercial sector has stabilised, thereby alleviating the pressure on provisioning, although the rate of business failures is still alarmingly high.

Mr Peyrelevade's hopes for recovery should be buoyed up by the favourable changes in the banking market, providing Crédit Lyonnais can avoid a repetition of the big corporate hits which haunted Mr Habérer's final years. The write-offs on its loans to corporate horror stories such as the late Robert Maxwell's media empire and Olympia & York, the collapsed Canadian property group, have cast a dark cloud over Crédit Lyonnais in the early 1990s.

The big corporate hits have eased over the past year or so, although Crédit Lyonnais is exposed to EuroDisney, the troubled leisure group, and is now engulfed in a new blaze of adverse publicity over its involvement with Sasea, the failed Swiss holding company. Sasea went bust two years ago, but since the start of this year Crédit Lyonnais has found itself dragged into the court case over its receivership because of the Swiss judge's attempts to indict Mr Habérer and Mr François Gille, who is still an employee. Crédit Lyonnais has already written off all but FFr500m of its FFr4.7bn exposure to Sasea, and it seems highly unlikely that Mr Habérer and Mr Gille will ever be indicted.

Alice Rawsthorn



A cubist building uncompromisingly modern

■ Musée de Grenoble

Glittering 'grand projet'

Official speeches are generally greeted with polite applause, but Edouard Balladur, the French prime minister, was treated to a really rousing response to the address he delivered to mark the opening earlier this year of the glittering new Musée de Grenoble.

As the local officials had hoped, Mr Balladur had used the occasion to promise that the government, which had paid roughly half the FFr210m cost of building the new museum, would make a similar contribution to Grenoble's next artistic project, the FFr200m renovation programme for the Maison de la Culture, the city's arts centre which was built in 1968.

There is a political logic to Mr Balladur's decision. The new Musée de Grenoble was conceived in the early 1980s, when both the city council and the French government were under socialist control, as part of the *Grands Projets*, the modern architectural programme initiated by President François Mitterrand to mark the bicentennial of the French Revolution and – or so say his critics – his own regime.

The new museum has all the hallmarks of the *Grands Projets*. It is a spectacular piece of contemporary architecture in a stunning setting beside the River Isère. The white cubist building is uncompromisingly modern but makes the most of its location; its white walls lead up to glazed roofs which offer glimpses of the snow-capped mountains all around the city.

It houses one of the best art collections in France. This dates back to 1796 when the Musée de Grenoble was first created to house the paintings and sculpture seized from local aristocrats in the 1789 French Revolution. The city has added to the collection ever since, both by acquisition and by donations from the state.

The new museum shows off the collection to perfection, beginning with 23 rooms devoted to pre-1900 art, from 13th century Italian Renaissance pieces to post-Impressionist paintings by Paul Gauguin. Another 40 rooms display one of Europe's most comprehensive collections of 20th century art.

The new building will allow Serge Lemoine, its chief curator, to stage more temporary exhibitions – and enable the Musée de Grenoble to make the most of proposals to distribute part of the national modern art collection, now housed at Centre Georges Pompidou in Paris, to other museums. This was one of the last *Grands Projets* to be built. The Mitterrand era is now nearing its end and the centre-right Balladur government has adopted a different approach to the arts from the socialists, with a new policy focusing on conservation.

Jacques Toubon, the new arts minister, has launched an ambitious programme of renovating France's old buildings – more in keeping with the conservative rhetoric of his cabinet colleagues than the socialists' zest for innovation. He has already announced plans to restore a number of buildings in Paris, including the Georges Pompidou arts centre and Garnier opera house. Renovation of the Maison de la Culture in Grenoble is an ideal addition, particularly as it was the showpiece of the policy pursued by a past centre-right French government: the arts centre programme initiated in the late 1960s by André Malraux, the writer who became arts minister under General de Gaulle.

A.R.

■ Opéra de Lyon

State of the art showcase is the city's new landmark

A set of billboards appeared in France's big cities last summer to trumpet the opening of "*Un Nouvel Opéra*" – a new opera house, in Lyon.

The description had a double meaning. Lyon did indeed gain a brand new opera house last May with the opening of a FFr490m theatre on place de la Comédie opposite the Hôtel de Ville. But the slogan was also a pun on the name of Jean Nouvel, its architect.

Nouvel is one of the new breed of modernists who emerged in French architecture during the 1980s. He made his name through a series of ambitious projects culminating in the futuristic Arab Cultural Centre which opened in 1989 beside the river Seine in Paris, but the Opéra de Lyon is his largest and most complex project to date.

The old Lyon opera house was built on the same site in 1831; by the mid-1980s it had fallen into disrepair. In 1986 the city council decided to replace the building with a state-of-the-art complex as a showpiece for the city.

"It is absolutely essential that a city like Lyon should have a cultural life in keeping with its economic stature," says Jacques Moulinier, deputy mayor. "One of our main projects over the past decade has been to establish Lyon on the European arts scene and to raise the standard of the architecture in the city centre. That is why it was important to commission a landmark building from an architect of Jean Nouvel's calibre."

What Nouvel has done is to retain the 19th century neo-classical facade of the old opera house and its opulent foyer but to rebuild everything else: from the huge crystalline vault he has put on top of the old facade, to the huge 1,280 seat *Salle Italienne*, to the airy dance studios tucked under the vaulted roof.

The result is a compelling combination of the old and the new. The opera house has always been a focal point of the city centre skyline but now has the added attraction of being twice as high, thanks to the addition of Nouvel's glazed top floors peeping out over the top of the old sandstone facade. The public areas are all in black, with piercing flashlights on gleaming granite floors. (Walking through the main entrance feels like a sci-fi version of Jonah's journey inside the whale.)

Tiny fibre optic lights cast a golden glow on the spectators' faces

Opera goers are whisked up to the *Salle Italienne* on escalators and can peep down the 22 metre drop to the ground floor from the metal walkways that connect to the *Salle*. They then pass through red satin padded ante-chambers before entering the auditorium – all in black with a golden roof, golden doors and tiny fibre optic lights which cast a golden glow on the face of each spectator, so that they too form part of the spectacle.

During intervals you can pop out to the foyer, which has been lovingly restored to its original splendour with gilded walls, splendid chandeliers, a frescoed ceiling and a picture window looking out to the towers and turrets of the ancient Hôtel de Ville.

In its first year the Opéra de Lyon has been plagued by technical hiccoughs. But its problems have been nothing to those of the accident-prone Opéra Bastille in Paris – and so far, every performance has had a full house.

A.R.

■ Euronews

Europe's answer to CNN

Lyon has long been regarded as an important media centre thanks to the success of Le Progrès, the local newspaper which is one of France's three best-selling dailies. But the city is playing its part in the multi-media revolution as the home of Euronews, the pan-European current affairs channel, Europe's answer to Cable Network News (CNN, the round-the-clock US news service).

It was conceived by the European Broadcasting Union (EBU)in 1986 and came on air on January 1 last year from headquarters in Ecully, on the outskirts of Lyon. The concept behind Euronews is to combine the live news and archive footage compiled by the EBU's members – which include France 2 and France 3, Italy's RAI, RTVE of Spain and the BBC – into a current affairs channel that covers world events with a European slant.

The channel broadcasts simultaneously in five different languages – English, French, German, Italian and Spanish – all accompanied by the same visual material. The programming schedule, which runs for 20 hours every day, is dominated by regular news bulletins but includes regular magazine slots on fashion, travel and cinema.

The footage from the EBU members is relayed to the Euronews headquarters at Ecully where it is remixed and edited by the 120-strong staff. The final transmissions are then sent via cable, satellite and terrestial television services to more than 40m homes all over Europe and the Mediterranean basin.

Euronews' objective is to present events of European interest in an objective, apolitical style. It accentuates its self-effacing approach by using behind-the-scenes commentaries and graphics, rather than presenters, to accompany and explain its footage.

It was set up as a joint venture owned by the EBU members supplying its footage. The share structure has been expanded to include the North African stations, Tunisia's ERTT and Algeria's ENTV. Earlier this month Euronews announced another restructuring plan: France Television, the state-controlled company which owns France 2 and France 3, will raise its stake and nurture closer operational links with Euronews.

The station operated last year on a budget of Ecu50m. Just over half comes from its shareholders, with 20 per cent donated by public bodies (including the EU). The remaining 25 per cent is self-generated from the sale of advertising airtime and sponsorship rights.

The future plan is to use the proceeds of the recent restructuring to open new editorial offices in Europe and to increase the number of languages in which Euronews broadcasts so that it can function more effectively as a truly international news and current affairs service.

A.R.

■ Property

Demand and prices recover

No one in the Lyon property market would try to pretend that life has been easy over the past two years: but they do at least have the consolation that, having gone into recession later than their Parisian counterparts, they are recovering slightly earlier.

Lyon property prices have suffered from the same problems that have afflicted those in the French capital. Demand for residential property has been depressed by the combination of high interest rates and the psychological blow of rising unemployment. The commercial sector has been hit even harder for the same reasons, and intense pressure on corporate profits has prompted even the most resilient companies to think twice before investing in new property.

These problems were aggravated by the inflated state of the market at the start of the 1990s. The value of both commercial and residantial property in Lyon enjoyed a period of unprecedented growth in the late 1980s and early 1990s. Prices rose at an annual rate of between 15 per cent and 20 per cent in each of the four years until 1992, even though the Paris market had started to falter by late 1990.

But the recession struck in 1992. A recent report by Jones Lang Wootton estimates that although office rents in the Presqu'île area of the city centre – around the Opéra de Lyon and the *hôtel de ville* – have remained stable at an annual average of FFr1,200 a square metre since 1992, comparable rentals for the newer office blocks around the Part-Dieu railway station have fallen from FFr950 to about FFr850.

However, the market is now starting to show signs of recovery. The *Lyonnais* were quicker than the Parisians to adapt to the realities of recession. New developments ground to a halt as soon as the market contracted.

As a result the Lyon market has slowly been able to fill most of the surplus office space in the city, thereby alleviating the pressure on prices. The Jones Lang Wootton report noted that "since the beginning of October demand for office space has picked up considerably, particularly from larger companies due to internal reorganisation."

Local officials hope that the situation will continue its slow but steady improvement for the rest of this year, so that the market will be in better shape in 1995 when the first phases of the Cité Internationale commercial complex and the Part-Dieu development scheme are scheduled to be ready

The Part-Dieu development is a series of office buildings clustered around the railway station in central Lyon. It was conceived a few years ago when demand for Part-Dieu property was buoyant, thanks to the impact on the city's business scene of the introduction of the Lyon-to-Paris high speed TGV (*trains de grande vitesse*) route at the new Part-Dieu station.

But the most ambitious new project for Lyon in the mid-1990s will be Cité internationale, which has been designed by Renzo Piano, the Italian architect who liaised with Sir Richard Rogers on the Pompidou Centre in Paris. Cité Internationale will occupy a waterfront site in the Parc de la Tête d'Or. It will include a conference centre, an hotel, a contemporary art museum – and an office complex.

A.R.

COMMODITIES AND AGRICULTURE

Italy braced for fresh row over milk quota

By David Gardner in Brussels

Italy was braced last night for a new row over its European Union milk quota, which it is threatening to widen to other areas in another example of hostage-taking in EU decision-making.

Unless it gets satisfaction, Italy says, it may hold up ratification of the increase in the EU's revenue base agreed at the December 1992 Edinburgh summit, neceesary for increased flows of regional aid from next year.

The threat is analogous to the current row over the UK's holding up of enlargement to include Austria, Finland, Sweden and Norway as new members, unless the rules on majority voting are changed.

Italy is upset because tha European Commission feels it has not done enough to comply with an agreement whereby it would cut its excess milk production from 11.5m tonnes down to its permitted quota of 9m tonnes, in exchange for which it would get an increase in quota of 0.9m tonnes.

Brussels says Italy is 350,000 tonnes short of the ronghly two thirds cut it had to make in illicit milk outpnt. commission officials warn that milk producers such as the UK, Netherlands, Germany and Denmark - unhappy at the original concession to Rome - could block any attempt at flexibility.

Italy was expected to argue that the original 11.5m tonnes figure was an over-estimate, and to produce new figures.

But Italy, as well as Spain and Greece, was also expected to oppose a commission proposal to delay payment of olive oil subsidies until mid-October.

The commission fears it could get into trouble on its Ecu36bn (£28.3bn) farm budget next year because of the compensation costs in the reform of the common agricultural policy and compensation to farmers for currency swings during tha 1992-93 monetary crises - unless the olive oil payments are held up as long as possible.

But although Greece and Spain have complied with EU agreements to bring their own excess milk output into line with their quotas, the Mediterranean trio could form a mutually reinforcing bloc because of the olive oil proposals. Under voting rules the UK is fighting to keep, thesa three have enough votes to hold up a decision in both areas.

In the current dispute over voting weights after enlargement, Spain had sided with the UK in wanting to keep the number of votes needed to block decisions at 23 out of 76, instead of 27 out of 90 votes. Madrid argued that otherwise the South could be outvoted on issues which concern it alone.

The UK may get a demonstration in coming weeks that making it easier to block decisions in an area like olive oil can affect other areas, like milk, where Italy might otherwise be out-voted.

Commission to back Britain on 'mad cow disease'

By David Gardner

The UK will get strong backing from Brussels today when Germany seeks a ban on British beef exports because of fear of "mad cow disease", or bovine spongiform encephalopathy (BSE).

The European Commission planned to tell Germany that it would take legal action if Bonn attempted to introduce a unilateral ban, commission officials said yesterday.

Health ministers of the 12 will also discuss the BSE row tomorrow afternoon. Mr Horst Seehofer, the German health minister, has been the prime mover for action against the UK.

Bonn is calling for a ban on all live cattle and beef exports from the UK after the discovery in Germany of BSE imported from the UK. The commission has reminded Germany that it is the EU that sets veterinary rules, and that there is no scientific evidence proving a link between BSE and Creutzfeld-Jakoh disease, which affects humans.

A series of restrictions have been imposed in the UK beef sector, which Britain and the commission say are working.

In 1990, certain bovina offals, like hrain and spleen, were banned for human consumption. Since June 1990 there has been a ban on the export of live cattle over six months from the UK, and on the progeny of BSE-affected cows. In addition, all British exports of bone-in beef must be certified as coming from herds that have been free of "mad cow disease" for two years.

British officials say that the EU single market will be disrupted unless all memher states stick to the scientific evidence, and that Germany's threat of unilateral action risks a collapse in beef consumption similar to the fall that followed the 1990 BSE scare.

"We feel we have a sound case and other member states and the Commission agree with us," a senior British agriculture official said.

Coffee pact deal likely

By Alison Maitland

Coffee producers and consumers are expected tomorrow to agree to set up a new five-year international coffee pact to take over from the much-extended existing accord on October 1.

The council of the International Coffee Organisation is due to finalise the agreement after exporting and importing nations reached a compromise late on Friday on the question of so-called economic measures designed to balance supply and demand.

The consumers, who are reluctant to revive interventionist measnres such as export quotas, accepted the producers' desire to have an "open door" to discussion of such measures in the future. Economic measures were dropped from the cnrrent agreement in 1989.

The terms of the new pact state that the council may consider negotiating a completely fresh international coffee agreement that includes measures to balance the market. This means that producing countries will be free to raise the matter at future council meetings.

Consumers are unlikely to show interest in resurrecting controls unless coffee prices rise substantially, said Mr Lawrence Eagles, analyst with GNI, the London trade house. "If coffee prices doubled, they might decide it's something that would be worthwhile," he said.

Producing countries bave, however, helped boost prices since last October through their export retention scheme.

MARKET REPORT

US selling hits cocoa futures

COCOA futures plunged at the London Commodity Exchange yesterday afternoon, depressed by heavy liquidation in the US.

As the long-anticipated technical "correction" in the US took its toll the LCE May delivery price fell £29 to £904 a tonne, just £1 off the day's low.

Although dealers said there was no fresh fundamental reason behind the fall many expected the £900 level to be broken. "There's no support at all," said one. "I don't think we'll see the industry buying until £880."

COFFEE prices were weaker in very subdued volume.

Base metal trading was routine at the London Metal Exchange as prices settled into narrow ranges.

Compiled from Reuter

US company to develop Argentine lithium project

By John Barham in Buenos Aires

FMC Corporation of the US is to proceed with the development of major lithium deposits in north-western Argentina.

It has signed a 40-year contract with the government in 1991 to explore and develop a lithium prodnction facility at the Salar del Hombre Muerto dry lake bed in the province of Catamarca, 800 miles from Buenos Aires.

FMC says production will begin in less than three years and require investment of over $45m. It has not disclosed the deposit's reserves, but says they are sufficient for 70 years' production.

FMC's decision follows last month's announcement hy IMZ of Canada and MIM of Australia to go ahead with a $600m gold and copper project, also in Catamarca. More large mining projects are in the pipeline, following last year's enactment of pro-business mining legislation.

Government officials claim that once the project is fully operational, Argentina will rank among the world's principal producers of lithium, with annual exports worth some $20m.

The agreement ends 30 months of wrangling over the future of the Salar del Hombre Muerto deposit, held up by negotiations with the Catamarca provincial government over royalties and political intrigue. By law, royalties are set by local governments.

Spring takes a rain check

British Summer Time is here again, but wintery weather is still holding back the country's crops

FARMER'S VIEWPOINT

By David Richardson

The first official day of spring was just over a week ago and British Summer Time began with the advancing of clocks last weekend. But unfortunately no one seems to have informed the clerk of the weather.

Both air and soil temperatures remain below normal and growth of crops sown last autumn, together with spring work on the land, is about three weeks late over most of the UK. Continuing unsettled weather with heavy rain falling every few days on to soil still saturated a few inches below the surface from one of the wettest winters on record has also delayed spring activity on the land.

No one has yet begun to panic because early springs seldom live up to their apparent promise in the ahape of exceptional yields. There is ample time for those crops already established as well as those yet to be planted to make up for lost time and produce respectable tonnages assuming we get reasonable warm weather from now on.

But there is concern over the enormous number of patches on fields. Autumn sown cereals in particular are showing significant damage from winter flooding, from which they will not now recover. Tens of thousands of acres of redrilling - that is planting more seeds into those areas killed off by excessive moisture - have already been done at considerable expense. But although it is a good farmer's instinctive reaction to "patch" such fields the operation is unlikely to produce economic yields.

Added together these patches all over the country amount to a significant area of land that will produce severely reduced or nil yields this year. Together with 15 per cent rotational set-aside, now in its second year as a virtually compulsory EU measure to cut production, this now means it is improbable that the 1994 UK cereal harvest will amount to even to last year's weather-depleted 19m tonnes. It is significant to note that in peak harvest years during the mid 1980s the UK produced up to 25m tonnes. Whatever the rest of the European Union is doing Britain wonld appear to be doing its ahare to cut surpluses.

Meanwhile there are long term concerns about the damage done to soil structure by excessive rain during the last six to eight months. In the arable east, where I farm, for instance, rainfall during that period was up more than 50 per cent on average and the water table is now higher than at any time since 1953. And that only a few months after the official end to a drought that lasted more than three years.

The effect all this recent rain has had on soils, especially those which last winter were growing root crops like sugar beet and potatoes and on wbich heavy equipment had to be used to harvest the crops, has been very serious indeed. A foot or two under the surface of many such soils it is possible to find "pans" - that is layers of impervious soil caused by the combination of wbeelings and water - through which moisture will not drain, thereby perpetuating the problem. The only remedy is to subsoil. That involves pulling large steel tines or shares through the soil 12 inches to 20 inches deep or just below the level of the pan in order to hreak it up and allow free drainage once more. It is slow, expensive work and can only be done effectively when the soil has dried out. And even that treatment may not be enough in worst cases.

Where the problem persists it will be necessary to lay new drains across the land. This is an expensive operation and one that farmers can well do without as EU guaranteed prices begin to decline. I predict we shall be dealing with the unwelcome legacy of the 1993-94 winter for several years to come.

Meanwhile most plantings of both potatoes and sugar-beet for harvesting this year are being delayed hy the wet weather. With sugar-beet there is, as yet, no cause for undue concern. The crucial date by which the entire crop should be planted is mid-April, after which potential yield can be reduced. Indeed, I will not be at all surprised if, once again, we find ourselves planting sugar-beet through the Easter holiday. But even that is preferable to being stuck in a traffic jam on the way to the coast.

Time is begining to run out, however, for second early potatoes. Few have been planted so far and the deadline for achieving optimum yields is fast approaching. In order to create the ridges in which to plant to the seed tubers it is necessary for the soil to be almost dry. That has occurred only occasionally this spring and potato growers still have much of their work to do.

There are, however, fewer of them this year than last. The still uncertain future of the Potato Marketing Board, combined with a couple of seasons of serious losses, has persuaded many growers to cut back or get out of production. Taken together these factors could lead to a significant reduction in production this year. That certainly seems to be the opinion of Potato Futures Traders who have bid up the March 1995 price to levels not seen for a few seasons.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1315-6	1339-9.5
Previous	1308.5-8.5	1332-3
High/low		1342/1323
AM Official	1310-1	1333.5-4
Kerb close		1335-6
Open int.	288,845	
Total daily turnover	33,577	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1290-300	1310-4
Previous	1285-90	1308-10
High/low		1315/1305
AM Official	1290-2	1310-2
Kerb close		1310-2
Open int.	4,551	
Total daily turnover	382	

■ LEAD ($ per tonne)

Close	458-9	473.5-4
Previous	452-3	465.5-6
High/low		475/469
AM Official	454-5	469-9.5
Kerb close		470-1
Open int.	35,305	
Total daily turnover	7,831	

■ NICKEL ($ per tonne)

Close	5670-80	5740-50
Previous	5680-90	5750-5
High/low		5775/5725
AM Official	5690-2	5769-70
Kerb close		5725-30
Open int.	49,513	
Total daily turnover	18,840	

■ TIN ($ per tonne)

Close	5465-75	5520-30
Previous	5450-60	5510-20
High/low		5550/5520
AM Official	5465-70	5525-30
Kerb close		5530-40
Open int.	19,436	
Total daily turnover	3,784	

■ ZINC, special high grade ($ per tonne)

Close	958.5-9.5	979.5-80
Previous	945.5-6.5	965.5-6
High/low		979.5/966
AM Official	949-9.5	969-9.5
Kerb close		978-9
Open int.	103,171	
Total daily turnover	22,566	

■ COPPER, grade A ($ per tonne)

Close	1949.5-50.5	1958-9
Previous	1946-7	1956.5-7
High/low		1963/1953
AM Official	1948.5-9.5	1958-9
Kerb close		1958-9
Open int.	212,228	
Total daily turnover	40,735	

■ LME AM Official £/$ rate: 1.4968

LME Closing £/$ rate: 1.4955

Spot:1.4965 3 mths:1.4910 6 mths:1.4878 9 mths:1.4852

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int	Vol
Mar	91.10	-0.30	91.80	90.80	1,361	654
Apr	91.65	+0.30	91.65	91.65	1,130	50
May	90.75	-0.55	91.65	90.55	41,836	5,269
Jun	90.80	-0.00	91.40	90.60	874	11
Jul	90.70	-0.40	91.50	90.50	14,115	701
Aug	90.45	-0.60	90.45	90.45	488	-
Total					71,263	6,956

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	389.80-390.00	
Opening	392.30-392.70	
Morning fix	390.90	261.00
Afternoon fix	389.25	260.281
Day's High	392.50-392.90	
Day's Low	388.25-388.65	
Previous close	389.20-389.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.27	6 months	3.52
2 months	3.33	12 months	3.87
3 months	3.38		

Silver Fix	p/troy oz.	US cts equiv.
Spot	380.90	570.00
3 months	385.78	575.10
6 months	390.65	581.20
1 year	401.00	594.85

Gold Coins	$ price	£ equiv.
Krugerrand	392-395	262-265
Maple Leaf	400.25-402.75	-
New Sovereign	92-95	61-64

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Latest price	Day's change	High	Low	Open int	Vol.
Mar	391.0	-	-	-	-	-
Apr	388.4	-2.8	390.8	388.3	40,703	28,431
May	390.5	-1.9	390.5	390.5	-	8
Jun	390.9	-2.8	393.4	390.8	59,216	14,798
Aug	394.6	-1.8	396.0	394.1	8,403	233
Oct	397.0	-1.9	398.8	396.8	4,481	6
Total					150,489	44,532

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Apr	413.5	-	416.0	412.0	5,017	2,903
Jul	418.0	+0.7	417.8	414.0	15,397	5,542
Oct	416.0	-	418.0	418.0	1,451	134
Jan	417.0	+0.2	418.5	416.0	596	11
Apr	417.5	-0.8	421.5	417.0	805	20
Total					23,266	8,610

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Mar	143.00	+6.85	143.00	143.00	1	-
Jun	135.00	-1.18	136.00	135.00	4,118	245
Sep	135.75	-0.35	135.75	135.50	416	10
Dec	135.00	-0.85	135.00	135.00	259	77
Total					4,788	338

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

Mar	569.0	-9.1	578.0	569.0	435	254
Apr	578.2	-	-	-	5	5
May	571.8	-9.0	580.0	570.0	73,205	22,514
Jul	575.0	-9.1	584.5	574.0	18,557	2,072
Sep	580.5	-8.0	588.0	579.5	5,403	171
Dec	586.0	-9.0	595.0	585.0	10,186	658
Total					118,679	28,622

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
May	14.38	-0.75	14.86	14.30	106,231	32,802
Jun	14.47	-0.69	14.81	14.40	69,475	18,014
Jul	14.61	-0.62	14.88	14.50	34,817	7,623
Aug	14.73	-0.60	15.01	14.65	19,228	2,512
Sep	14.90	-0.53	15.03	14.75	20,910	1,815
Oct	15.01	-0.54	15.09	15.00	12,137	1,291
Total					392,956	78,887

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
May	13.11	-1.00	13.40	13.10	60,874	12,877
Jun	13.12	-0.84	13.40	13.10	35,416	5,981
Jul	13.26	-0.69	13.49	13.26	17,910	1,040
Aug	13.50	-0.63	13.61	13.50	10,510	490
Sep	13.63	-0.47	13.75	13.63	4,576	939
Oct	13.79	-0.41	13.83	13.79	2,085	471
Total					137,408	31,382

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	44.90	-1.38	45.75	44.25	25,430	14,052
May	42.60	-1.59	43.85	42.30	53,510	11,852
Jun	42.50	-1.46	42.65	42.20	37,756	5,415
Jul	43.00	-1.41	43.20	42.90	23,433	3,234
Aug	43.75	-1.36	44.30	43.75	9,936	727
Sep	44.90	-1.31	45.65	44.80	8,332	384
Total					189,611	38,502

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	137.00	-4.25	137.75	136.25	23,078	6,277
May	136.00	-4.25	137.50	135.75	17,915	3,909
Jun	136.00	-4.25	136.75	135.50	20,074	1,975
Jul	137.50	-4.00	138.25	137.25	12,552	1,270
Aug	139.25	-3.75	139.75	139.00	5,619	461
Sep	141.50	-3.25	141.50	141.25	3,317	301
Total					108,398	14,835

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
May	2.100	+0.028	2.110	2.040	17,295	9,548
Jun	2.095	+0.018	2.105	2.055	10,867	1,369
Jul	2.105	+0.010	2.120	2.070	9,855	1,371
Aug	2.130	+0.013	2.130	2.105	10,084	821
Sep	2.160	+0.008	2.155	2.140	10,893	678
Oct	2.200	+0.008	2.200	2.190	6,304	536
Total					113,382	15,897

■ UNLEADED GASOLINE

NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	44.65	-1.83	45.55	44.40	22,520	8,548
May	45.20	-1.88	46.85	45.15	48,148	10,177
Jun	45.70	-1.50	46.30	45.50	25,771	3,548
Jul	45.80	-1.76	45.95	45.60	10,006	270
Aug	45.60	-1.70	46.00	45.30	6,668	868
Sep	45.25	-1.65	45.60	45.25	5,148	320
Total					124,828	23,929

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	108.25	+0.35	108.40	107.90	1,603	92
Jun	109.10	+0.20	109.40	108.80	561	111
Sep	93.15	-0.20	-	-	356	-
Nov	94.10	-0.25	-	-	1,215	-
Jan	95.90	-0.40	-	-	703	-
Mar	97.50	-0.30	-	-	157	-
Total					4,595	203

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

May	334/4	+3/6	336/4	332/0	86,450	10,350
Jul	330/0	+5/4	331/0	326/2	112,985	20,120
Sep	332/4	+6/0	332/6	328/4	18,785	1,790
Dec	340/2	+4/2	340/6	337/0	24,165	2,055
Mar	341/6	+5/0	342/0	338/4	390	205
May	336/4	-	-	-	5	-
Total					243,100	34,960

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

May	285/6	+2/4	287/0	282/6	560,680	74,075
Jul	288/4	+2/4	289/4	285/6	581,090	29,975
Sep	274/4	+1/4	275/2	272/6	131,155	5,120
Dec	260/6	+0/6	262/4	260/0	312,390	21,045
Mar	267/2	+0/6	268/4	266/4	22,280	1,375
May	271/4	+0/4	271/4	271/4	1,685	200
Total					1,630M	132,056

■ BARLEY LCE (£ per tonne)

May	107.75	+0.50	107.75	107.00	174	22
Sep	94.25	+0.05	-	-	139	-
Nov	95.75	-0.45	-	-	104	-
Jan	97.88	-0.20	97.70	97.70	11	5
Mar	98.40	-	-	-	7	-
Total					428	27

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

May	690/4	+2/0	693/2	687/4	283,420	84,725
Jul	692/6	+3/0	694/6	689/0	255,518	31,325
Aug	686/6	+2/4	688/0	683/4	41,580	3,845
Sep	667/0	+2/6	669/0	664/4	22,790	1,915
Nov	653/6	+3/2	658/0	650/2	161,575	14,475
Jan	659/0	+2/6	663/4	656/0	14,360	355
Total					789,080	137,280

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

May	29.03	-0.05	29.18	28.90	32,574	7,088
Jul	28.96	-0.08	29.13	28.85	29,474	4,442
Aug	28.53	-0.05	28.70	28.46	9,174	1,070
Sep	28.00	-0.18	28.20	28.00	8,480	626
Oct	27.30	-0.17	27.50	27.30	6,983	688
Dec	26.68	-0.24	26.92	26.65	13,341	1,606
Total					102,090	16,514

■ SOYABEAN MEAL CBT (100 tons; $/ton)

May	195.8	+1.1	196.9	194.5	28,920	5,989
Jul	196.6	+1.3	197.5	195.2	26,620	3,178
Aug	195.5	+1.4	196.0	194.2	7,165	1,195
Sep	193.8	+1.5	194.2	192.8	5,775	825
Oct	191.8	+1.1	192.0	190.2	3,347	244
Dec	190.6	+1.1	191.4	189.5	8,847	1,214
Total					78,885	12,678

■ POTATOES LCE (£/tonne)

Apr	192.5	-9.0	194.0	190.0	620	14
May	197.0	-14.8	214.0	200.0	510	109
Jun	130.0	-	-	-	2	-
Nov	80.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Apr	128.5	-0.6	130.0	130.0	-	10
Total					1,422	133

■ FREIGHT (BIFFEX) LCE ($10/index point)

Mar	1204	+1	-	-	284	-
Apr	1286	+7	1287	1280	1,000	29
May	1280	+10	1267	1280	627	35
Jul	1157	+9	1157	1154	505	12
Oct	1265	-	-	-	215	-
Jan	1310	-	-	-	131	-
Total					2,920	76

	Close	Prev
BFI	1190	1194

Tea

There was a strong general demand, reports the Tea Brokers' Association. Bright east Africans were mainly dearer with quality. Good mediums were the strongest feature and closed 5 to 10p higher, with lesser mediums also advancing 3 to 5p. Plainer teas met more enquiry at firm to dearer rates. Few selected bright Ceylons sold very well, others were irregular but on balance fully firm. An active market with Ceylons and brighter central Africans dearer. Plainer teas attracted more competition and sold at firm rates. Prices: quality 190p/kg, good medium 140p/kg, medium 121p/kg, low medium 90p/kg. The highest price realised this week was 254p/kg for a Rwanda pf.1

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	891	-14	898	884	51	16
May	905	-28	932	904	21,168	3,147
Jul	922	-26	944	920	17,884	1,731
Sep	939	-24	957	937	11,140	861
Dec	959	-23	979	958	16,757	284
Mar	978	-24	999	978	34,245	510
Total					110,609	6,731

■ COCOA CSCE (10 tonnes; $/tonnes)

May	1146	-61	1187	1145	36,288	5,608
Jul	1176	-61	1217	1175	22,024	2,072
Sep	1208	-61	1241	1198	9,760	456
Dec	1240	-58	1270	1237	6,425	116
Mar	1279	-54	1312	1275	9,330	141
May	1295	-58	1295	1295	5,452	52
Total					93,323	8,618

■ COCOA (ICCO) (SDR's/tonne)

Mar 28	Price	Prev. day
Daily	937.17	953.88
10 day average	958.15	957.43

■ COFFEE LCE ($/tonne)

Mar	1339	-12	1343	1340	100	67
May	1348	-10	1354	1347	13,608	495
Jul	1353	-7	1355	1348	15,847	474
Sep	1349	-5	1353	1344	6,412	141
Nov	1345	-8	1351	1342	3,961	85
Jan	1343	-9	1341	1341	5,108	20
Total					46,873	1,282

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

May	81.80	-1.10	82.40	81.75	32,931	4,568
Jul	83.35	-1.05	83.85	83.25	13,125	2,158
Sep	84.50	-1.05	85.00	84.50	6,256	390
Dec	85.80	-0.75	86.18	85.80	3,818	259
Mar	87.00	-0.60	87.20	87.88	1,374	145
May	87.50	-	-	-	173	2
Total					57,628	7,525

■ COFFEE (ICO) (US cents/pound)

Mar 25	Price	Prev. day
Comp. daily	78.43	78.64
15 day average	76.65	78.34

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

May	-	-	-	-	1,112	-
Jul	-	-	-	-	2,726	-
Oct	-	-	-	-	108	-
Jan	-	-	-	-	-	-
Total					4,028	-

■ WHITE SUGAR LCE ($/tonne)

May	342.00	-0.90	343.00	341.10	7,391	510
Aug	337.50	-0.80	339.00	337.50	6,198	626
Oct	314.50	-1.88	316.00	314.50	5,108	157
Dec	-	-	-	-	131	-
Mar	-	-	-	-	558	-
May	-	-	-	-	202	-
Total					19,845	1,295

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

May	12.15	-0.04	12.20	12.12	80,362	203
Jul	12.34	-0.04	12.37	12.32	36,728	2,498
Oct	11.88	-0.01	11.90	11.84	31,622	1,859
Mar	11.49	-0.01	11.50	11.43	13,892	1,183
May	11.48	-	11.48	11.48	1,919	11
Jul	11.43	-	11.43	11.43	1,055	5
Total					145,812	10,510

■ COTTON NYCE (50,000lbs; cents/lbs)

May	76.93	-0.14	77.07	76.57	21,920	3,477
Jul	77.41	-0.10	77.59	77.10	14,874	1,388
Oct	74.20	-	74.25	74.10	2,833	158
Dec	71.82	+0.08	71.90	71.70	14,315	575
Mar	72.60	-	-	-	738	23
May	73.35	+0.02	73.40	73.27	228	5
Total					N/A	N/A

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

May	112.25	+1.90	113.00	110.18	7,951	289
Jul	114.90	+1.75	115.50	116.00	5,727	250
Sep	117.25	+1.50	117.35	116.00	2,214	8
Nov	115.45	+1.00	115.45	114.50	1,237	15
Jan	116.50	+1.55	116.50	115.25	1,856	136
Mar	118.00	+1.25	118.00	117.00	228	25
Total					19,313	723

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Mar 28	Mar 25	month ago	year ago
1848.8	1848.5	1792.7	1729.4

■ CRB Futures (Base: 4/9/56=100)

Mar 25	Mar 24	month ago	year ago
230.75	230.84	227.45	211.14

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	76.900	+0.425	76.975	76.250	31,172	2,267
Jun	74.550	+0.200	74.600	74.125	24,545	1,897
Aug	72.800	+0.225	72.825	72.400	12,816	463
Oct	73.775	+0.250	73.800	73.350	10,101	333
Dec	73.950	+0.150	73.975	73.725	2,847	174
Feb	73.775	+0.150	73.775	73.575	1,248	60
Total					82,854	5,195

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Apr	46.950	-0.400	47.075	46.675	7,253	1,293
Jun	53.400	-1.125	53.625	53.275	13,304	2,154
Jul	52.750	-1.225	53.150	52.525	3,888	673
Aug	50.950	-1.250	51.600	50.800	2,690	345
Oct	46.700	-1.400	47.200	46.650	1,673	161
Dec	47.300	-1.475	47.750	47.275	2,264	194
Total					31,654	4,868

■ PORK BELLIES CME (40,000lbs; cents/lbs)

May	56.700	-1.025	56.900	56.150	4,944	1,500
Jul	56.950	-1.275	57.150	56.375	3,293	600
Aug	54.900	-1.125	54.900	54.300	581	210
Feb	57.650	-2.000	57.750	57.650	90	34
Mar	57.100	-1.900	57.350	57.000	3	1
May	56.000	-	-	56.000	8	1
Total					8,932	2,362

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	May	Aug	May	Aug
1300	48	81	21	37
1325	34	67	32	47
1350	23	55	46	60
■ COPPER (Grade A) LME	May	Aug	May	Aug
1900	73	105	18	42
1950	42	76	35	63
2000	21	54	64	90
■ COFFEE LCE	May	Jul	May	Jul
1300	61	93	13	40
1350	31	66	33	63
1400	14	46	66	93
■ COCOA LCE	May	Jul	May	Jul
925	11	42	31	45
950	5	33	50	61
975	3	25	73	78
■ BRENT CRUDE IPE	May	Jun	May	Jun
1350	26	-	46	-
1400	10	32	-	-
1450	6	16	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/May)

		+or-
Dubai	$11.92-2.02w	-0.67
Brent Blend (dated)	$13.76-3.78	-0.90
Brent Blend (May)	$13.11-3.13	-0.79
W.T.I. (1pm est)	$14.16-4.18w	-0.90

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$154-156	-3
Gas Oil	$139-140	-3
Heavy Fuel Oil	$68-70	-2
Naphtha	$130-132	-3
Jet Fuel	$156-157	-4

Petroleum Argus Estimates

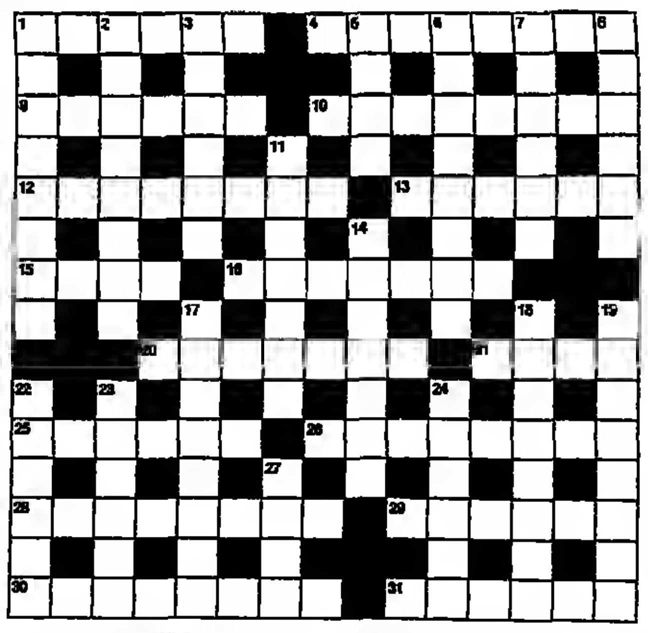
■ OTHER

Gold (per troy oz)‡	$389.80	+0.40
Silver (per troy oz)‡	575.50c	+6.00
Platinum (per troy oz.)	$412.00	+3.25
Palladium (per troy oz.)	$134.40	-0.35
Copper (US prod.)	95.00c	
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	14.49r	+0.03
Tin (New York)	254.50c	+1.00
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	127.49p	-3.37*
Sheep (live weight)†♣	138.20p	-2.61*
Pigs (live weight)	75.55p	-1.47*
Lon. day sugar (raw)	$294.00	-2.20
Lon. day sugar (wte)	$347.30	
Tate & Lyle export	£309.00	-1.00
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	Unq	
Wheat (US Dark North)	£180.0x	
Rubber (May)♥	71.50p	
Rubber (Jun)♥	71.75p	
Rubber(KL RSS No1 Apr)	254.50m	+1.00
Coconut Oil (Phil)§	$540.0t	
Palm Oil (Malay.)§	$402.5w	+2.5
Copra (Phil)§	$365.0z	
Soyabeans (US)	£189.0w	
Cotton Outlook A Index	82.30c	
Wooltops (64s Super)	392p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Mar/Apr. v Apr w May. t May/Jun. x Apr/May. ♥ London Physical. § CIF Rotterdam. ‡ Bullion market close. ♣ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,416 Set by FETTLER



ACROSS

1 One living al fresco, with intent, it's said (6)
4 These are taught thus in the classroom (6)
9 Fasten back to front, when making a rude hut (6)
10 Dashing Norse Edda, endlessly approved (8)
12 Making undue claims is to add in dubious gains (6)
13 Audibly, there's a frost. Heavy woollen cloth's required (6)
15 Born with little money is a state that requires relief (4)
16 An old type fiesta, right for the bullfighter (7)
20 This secures many lines, old lines, penned by bard (7)
21 Tumbled down a hill (4)
25 Thanks for the toast (6)
26 The judge made a mistake, so is directed to sit again (8)
28 One rustic spirit taking pound by deception (8)
29 A cutter producing grand slice perhaps (6)
30 Forfeited, previously having left (8)
31 Epitome of male beauty, and nothing is amiss (6)

DOWN

1 Bungling ruins act - it's the end (8)
2 Being a clergyman, I entered a priory church (8)
3 Bring back into use a retired philosopher (6)
5 Join 50 in 1,000 (4)
6 Indicate space where display is promoted (8)
7 Arch is not out of sync (6)
8 What's soaked is left over in the copper (6)
11 Name one in cettle variety (7)
14 Bird-dog (7)
17 Expressing grief on finding pottery collection without old urn (8)
18 Busby conveys relationship (8)
19 Australian cricketers are husky drivers (8)
22 An untidy person, that is to say rough (6)
23 Smoker's jacket (6)
24 Made godlike, one went and flouted convention (6)
27 Sect is able to accept a novice (4)

Solution to Saturday's prize puzzle on Saturday April 9.
Solution to yesterday's prize puzzle on Monday April 11.

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Early gains lost on renewed interest rate worry

By Terry Byland,
UK Stock Market Editor

Growing concern that the next turn in domestic interest rates may be upwards undermined UK equities at the close of a highly erratic trading session yesterday. An advance of around 21 points on the FT-SE 100 Index in early dealing was wiped out when Wall Street opened easier and gains in British government bonds were sharply trimmed. Worries over interest rates were particularly acute ahead of tomorrow's routine meeting between the Governor of the Bank of England and the Chancellor of the Exchequer.

The closing reading of 3,129.5 on the FT-SE 100 showed a gain of only 0.5 on the day. Lower oil prices, in the wake of the decision by Opec ministers to maintain present production ceilings for the rest of tha year, helped both bonds and shares at first. "A lower oil price is like a tax cut for manufacturing companies, and it also encourages confidence that inflation will stay low," commented one strategist.

However, it was clear that investment confidence was restrained, with the big securities houses unwilling to open up new positions in the market during a trading week curtailed by the extended Easter weekend; important data on US employment is due on Friday. Traders stressed that turnover had been unimpressive, with the day's Seaq total at 516.8m shares, about 40 per cent down from Friday's level. However, the Friday total was worth £2.2bn in retail worth, indicating one of the most active sessions of the year.

Account Dealing Dates

*First Dealings: Mar 14	Mar 28	Apr 11
Option Declarations: Mar 24	Apr 7	Apr 21
Last Dealings: Mar 25	Apr 8	Apr 22
Account Day: Apr 5	Apr 18	May 6

*New time dealings may take place from two business days earlier.

Share prices opened lower as traders reacted to widespread comment in the weekend press that any cut in UK base rates may now be difficult to achieve, and that rates may soon have to rise to restrain the pressures of a recovering economy. Tomorrow brings the auction of £2.5bn of floating rate government securities.

But strong gains in government bonds, together with a sharp rise in the premium on the Footsie stock index future for June, soon turned share prices higher. Traders were not greatly impressed, and pointed out that Friday's session had left many securities houses needing to buy stock and unwilling to leave their trading books exposed over the Easter weekend.

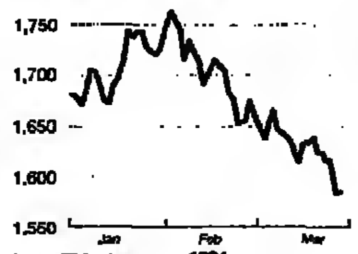
The downturn, when it came, bore out suggestions thet genuine underlying demand for shares was light, and also that UK equities are still dominated by the gilt-edged markst and its continued uncertainty over the outlook for domestic interest rates. Volume increased but selling pressure was not heavy.

Several large US houses were clearly active in stock index futures, and share prices were often influenced by their operations to untie positions in underlying stocks. The final picture was fairly mixed, with company results and special aituations providing the features of what was clearly a nervous markst.

Among the blue chips, oil shares moved nsrvously as investors assessed the outcome of the Opec meeting in Geneva. The new issue market looked more healthy following news that the House of Fraser share issue, to commence trading at the beginning of next month, had been subscribed 2.2 times.

Activity across the range of the market enabled the FT-SE Mid 250 Index to hold on to much of an early gain, closing 10.5 higher at 3,785.7. But, with Wall Street down 20 Dow points when London closed, traders sounded cautious on the prospects for this morning's opening of trading in UK shares.

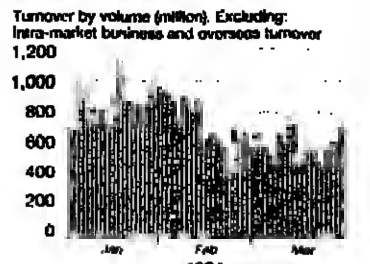
FT-SE-A All-Share index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3129.5	+0.5	FT Ordinary index	2479.8	+6.5
FT-SE Mid 250	3785.7	+10.5	FT-SE-A Non Fins p/e	21.06	(21.03)
FT-SE-A 350	1590.4	+1.3	FT-SE 100 Fut Jun	3132.0	-5.0
FT-SE-A All-Share	1582.00	+0.76	10 yr Gilt yield	7.95	(7.83)
FT-SE-A All-Share yield	3.67	(3.67)	Long gilt/equity yld ratio:	2.20	(2.22)

Best performing sectors		Worst performing sectors	
1 Electricity	+2.8	1 Life Assurance	-3.1
2 Water	+2.1	2 Distributors	-2.2
3 Utilities	+1.6	3 Oil Exploration	-2.0
4 Retailers, Food	+1.5	4 Extractive Inds	-1.3
5 Spirits, Wines	+1.1	5 Diversified Inds	-1.0

Opec move hits oil stocks

The decision by Opec to maintain its output quota until the end of the year saw analysts furiously reworking earnings estimates and leading oil stocks responding accordingly.

Mr Keith Morris, oil analyst with Schroder Securities, said there would be short term weakness in the oil price but added: "By the time we get to the third quarter, demand will rise as buyers start to stock up for the winter."

Pure exploration and production stocks, such as Enterprise Oil, which are most heavily exposed to a weak oil price, were seen as most at hazard. Hoare Govett has now factored in a $15 dollar oil price, down from $17 before the Opec decision, and argues that Enterprise is on a net asset value of 250p a share. Enterprise shed 5½ to 407p xd.

Among the oil majors, BP is considered the most overvalned. Nomura, which has reduced its 1994 oil forecast by $1.50 to $14.50 a barrel, points out the recent strong outperformance in the stock and advises clients to sell. Hoare has cut its 1994 forecast of BP's profits by £200m to £1bn and says earnings recovery will be set back by two years. However, NatWest Securities still likes the stock. BP ticked back 7 to 366p. Shell Transport, down 13 per cent since November, firmed a penny to 657p. NatWest says Shell is starting to see the bottom of the cycle and "moderated" its bearish stance on the stock.

Inchcape tumbles

International trading group Inchcape, which has already had a rough ride on the stock markst this year, was the principal casualty in the Footsie, retreating 37 to 515p as it announced disappointing figures.

Profits of £271.4m were up on the previous year's figure, but at the lower end of expectations after analysts removed one-off gains from property and stripped out the Toyota franchise which the company lost last year. Inchcape said it was also likely to come under continued pressure from a strong Japanese yen and tough conditions across many of its global markets.

As they returned from the meeting with the company, analysts reduced forecasts by as much as 20 per cent in some cases. The previous range of £280m to £290m moved back to a floor of £250m and a consensus of £260m to £270m.

Utilities jump

Firm government bonds and hopes of a pre-summer fall in interest rates sent regional electricity (rec) and water utilities issues bounding forward.

The Recs were particularly atrong, although analysts denied this had much to do with pre-payment of bills by consumers attempting to beat the VAT deadline. "They're looking cheap on a yield basis and doing some catching up," was the view from one market salesman.

Among the best performers, London jumped 29 to 600p, Norweb 30 to 661p, South West 28 to 651p and Yorkshire 27 to 624p.

Pearson, publishsr of the *Financial Times*, was the top performer in the Footsie as the shares bounced back from recent underperformance on a strong set of figures.

The group, increasingly perceived as a media conglomerats, produced a higher than expected dividend and profits np 38 per cent to £208.6m. Adjusted for exceptionals the headline figure was some £20m higher. Although one analyst was encouraged to bring his estimate for 1994 profits down from £270m, most edged upward. S.G. Warburg increased its full-year estimate by £23m to £255m and Goldman Sachs by £7m to £247m.

Royal Doulton, which was demerged from Pearson last year, gained 19 at 253p on well-received figures.

Reed International moved forward 4 to 835p as it was announced that Reed Elsevier had bought OIP Group, a French exhibitions organiser.

Insurers, many of which went ex dividend yesterday, were reotrained by Sunday newspaper article claiming they were resisting payment of valid claims. Legal & General lost 1½ to 483p and Prudential 5¼ to 312p.

Continued speculation that Great Universal Stores (GUS) is building up a war chest was enlivened by rumours that the secretive stores group had sold its entire gilts portfolio for £350m. If true, it would take tbs company's cash pile to some £1.7bn – with the market split over whether it will be used to buy back shares or for an acquisition. Strong suggestions of a buy-back were heard last week. Another avenue could be for the company to bolster its significant property arm prior to a flotation.

Next, which reports results today, was one name touted as a potential target. The shares advanced 3 to 225p. GUS which rose smartly last week, slipped to close 5 down at 579p.

Further bad news over Zantac, Glaxo's headline anti-ulcer drug, saw the company's share's slide 4 to 601p. A newspaper report said Astra of Sweden would get approval in the UK today for a new product involving Losec, Zantac's competitor.

Holliday Chemical slipped 9 to 201p after announcing a one-for-four rights issue at 180p to raise £35.8m. The company is bnying the European industrial pigments busineoo of Reckitt & Colman for £52m. Reckitt shares, which went ex dividend added 17 at 608p.

Speculative buying helped Merrydown, the cider company which recently issued a profits warning and lost its finance director last week, rrecovered. Rumours persist of interest from a large brewing group. The shares added 6 to 139p.

Dairy gronp Robert Wiseman rallied from a 7p discount on its market debut to close 3 ahead of its offer price at 103p.

A 15 per cent profit forecast formed the cornerstone of Westland's defence documeut against the GKN bid and the shares responded fovourably, closing 7½ up at 325p. GKN slipped 3 to 551p. Analysts said the Westland document bolstered the belief in the market that GKN will have to increase its 290p-a-share offer.

Smith New Court was said to have been active in placing a large line of shares in Trafalgar House. The shares were steady at 100p.

Conglomerate Hanson fell 5½ to 269½p with dealers citing Kleinwort Benson ao a big seller.

British Aerospace slipped a penny to 506p. After the market closed, the company warned that its foreign ownership had risen to 29 per cent, just a half-point below its allowable level.

Other big moves

Chemicalo and protective equipment maker Blagden Industries slumped 26 to 127p after recording a sharp loss in 1993 and warning of a £20m rights issue before the end of May. Manchester United tumbled 30 to 639p after losing the Coca-Cola cup final on Sunday, dashing their hopes of a clean sweep of this season's domestic trophies.

MARKET REPORTERS:
Christopher Price,
Peter John.

■ Other statistics, Page 24

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (23).
BUILDING & CNSTRN (1) Duston, CHEMICALS (1) Hoechst, DISTRIBUTORS (1) Faber Prest, ELECTRNC & ELECT EQUIP (1) NEC, ENGINEERING (2) Linread, UMECO, EMG, VEHICLES (2) Daimler-Benz, Volkswagen, EXTRACTIVE INDS (3) NSM, Precious Metals Australia, St. Barbara, FOOD MANUF (1) Golden Vale, HEALTH CARE (1) Ferraris, INVESTMENT TRUSTS (1) Mauritius Fund, LEISURE & HOTELS (1) Aberdeen Steak Houses, MEDIA (1) Quarto Ptge Pf., OTHER FINANCIAL (1) Rutland, PRTNG, PAPER & PACKG (1) Portals, PROPERTY (2) Ashett Associates, Markheath, RETAILERS, GENERAL (2) Goldsmiths, Oliver, SUPPORT SERVS (1) BNB.
NEW LOWS (32).
GILTS (7) ENGINEERING (1) Harris (Ph), FOOD MANUF (3) Canadian Pizza, Yorkshire, HEALTH CARE (2) Haemocell, Intercare, INSURANCE (1) Abtrust Lloyds, INVESTMENT TRUSTS (4) Baring Emrg Euro, Do Wts., Friends Prov. Eth. Zero Pf., Thornton Pan Euro Zero Pf., LEISURE & HOTELS (1) Hozelock, MEDIA (1) Gold Greenlees Trott, OIL EXPLORATION & PROD (2) Coplex Resources, LASMO "Ops", OTHER FINANCIAL (1) Teo, OTHER SERVS & BUSNS (1) Photo-Me, PROPERTY (1) Cathay Intl., SUPPORT SERVS (2) Borland Intl. Inc., Salvesen (Chr), TEXTILES & APPAREL (1) Pentland, AMERICANS (5) Data General, Houston Inds., NYNEX, Pall Corp., Woolworth.

EQUITY FUTURES AND OPTIONS TRADING

Trading volume was no more than moderate in derivatives markets yesterday but activity in stock index futures offered opportunities for arbitrage activity, *writes Terry Byland.*

Traders identified two of the big US investment banks as present in London's stock index futures trades yesterday, Salomon said to have been a seller and Goldman Sachs a buyer.

US selling hit the June future on the Footsie as soon as trading started, and a healthy premiumm of some 12 points to the cash market was quickly trimmed to around 8 points; fair value, the premium allowing for financing and dividends, stands at 3 points.

A premium of around 15 points was reopened later. Locals, or independent traders, seized the chance to arbitrage between futures and cash. However, the futures premium quickly shrank and the final reading of 3,132 on the June contract was virtually in line with fair value. Volume, including after-hours' business, totalled 12,434 lots.

Traded option activity was headed by British Steel, with 6,005 contracts representing a call-spread in the October option; traders said it was a neutral deal for the market. Total volume for options was 28,028 contracts, compared with 42,093 on Friday.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3122.0	3132.0	-6.0	3165.0	3118.0	12434	58208
Sep	-	3149.0	-6.0	-	-	0	705
Dec	-	3159.0	-6.0	-	-	0	0

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3775.0	3785.0	10.0	3800.0	3770.0	69	2302

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3785.0	3780.0	-5.0	3785.0	3785.0	16	786
Sep		3795.0					

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3130) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P
Apr	185½	7½	142½	14	102½	25	65½	40	40	65	20½	98½	10½	138½	5	184½
May	207	28	169	40	133	53	103	73½	76	96	55	125½	38	157	24½	194½
Jun			185	56½	150	70½	123	91½	95	113½	74	142	53½	171	39½	208½
Jul	233½	51½	197½	65	169	62½	138	103½	110	125½	88½	154½	68½	183	53½	217½
Dec†			271	122			208½	158			158	204			111	266½

Calls 5,436 Puts 3,060

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P
Apr	158½	12	117½	18½	81½	31½	51½	50½	29	78½	15	114½	8½	157½	4	203½
May	189½	36	153	49½	119	65	88½	84½	84½	108½	44½	139½	30	174	19½	213
Jun			163	57½			185	98½			62½	155			44	225
Sep			213	82½			154½	131½			108½	181½			71	243
Dec†			251½	123			193	161			149½	207½			162½	262½

Calls 2,157 Puts 1,116 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3850		3900		3950		4000		4050		4100		4150		4200	
Apr	30	100	17	135	9	180	3	225	½	275		325		½		

Calls 0 Puts 6 Settlement prices and volumes are taken at 4.30pm.

FT - SE Actuaries Share Indices — The UK Series

	Mar 28	Day's chge%	Mar 25	Mar 24	Mar 23	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3129.5	......	3129.0	3121.7	3155.3	2846.5	3.88	6.07	19.96	27.92	1158.53
FT-SE Mid 250	3785.7	+0.3	3775.2	3795.7	3825.2	3091.6	3.23	5.32	23.11	24.97	1383.41
FT-SE Mid 250 ex Inv Trusts	3804.8	+0.3	3792.2	3811.9	3842.6	3114.5	3.35	5.73	21.62	25.18	1385.88
FT-SE-A 350	1590.4	+0.1	1589.1	1588.3	1604.3	1411.5	3.73	5.89	20.62	13.32	1204.92
FT-SE SmallCap	1937.01	-0.3	1943.29	1959.44	1976.60	1546.31	2.90	3.89	32.17	10.54	1478.35
FT-SE SmallCap ex Inv Trusts	1913.07	-0.3	1919.78	1936.28	1954.24	1556.00	3.06	4.28	28.66	10.21	1462.28
FT-SE-A ALL-SHARE	1582.00	—	1581.24	1581.44	1597.20	1394.82	3.67	5.75	21.17	12.93	1218.50

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	4,600	57	+½
Abbey National†	1,400	470	-8
Albert Fisher	2,300	60	+3
Allied-Lyons†	2,700	564	-1½
Anglian Water	715	512	+14
Argos	326	355	-¼
Argyll Group†	4,000	292	+2

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	38	23	12
Other Fixed Interest	1	1	13
Mineral Extraction	65	89	71
General Manufactures	152	184	364
Consumer Goods	56	50	86
Services	124	108	286
Utilities	34	7	5
Financials	118	96	173
Investment Trusts	78	88	296
Others	28	72	34
Totals	695	678	1340

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	March 21	Last Declarations	June 30
Last Dealings	April 1	For settlement	July 11

Calls: Aminex, Costain, How Grp, Kunick, Markheath, Pentland, Princedale, Regent Corp, Rutland Tst, Signet, Stanhope, Vistec. Puts: Aminex. Puts & Calls: Bimec, Johnson Fry, Lloyds Chem.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993/94 High	1993/94 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	31.0	246	241	Abtrust N Dawn C	246	+1	-	-	-	-
135	F.P.	41.2	142	134	Applied Distbn	136		WN3.6	2.4	3.3	16.1
165	F.P.	457.8	165	158	Beazer Homes	163	+1	L5.0	2.2	3.8	14.3
-	F.P.	9.52	137	133	Brightstone	136		L3.75	1.2	3.4	30.8
105	F.P.	32.2	116	101	Cedardata	105		RN1.91	2.9	2.3	17.2
-	F.P.	124.0	65	62	Central Euro Grwth	62		-	-	-	-
-	F.P.	9.62	£87½	£87	Chester Water	£87	-½	†235.0	4.3	3.4	8.0
-	F.P.	36.9	125	125	County Smllr C	125		-	-	-	-
-	F.P.	119.0	44	41½	Edin New Tiger	42½	+1	-	-	-	-
-	P.P.	12.2	50	49	F & C Private Eq	49		-	-	-	-

[illegible]

RIGHTS OFFERS

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

FT GOLD MINES INDEX

[illegible]

LONDON SHARE SERVICE

BANKS

Notes	Price	+ or –	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	£23⅝	–⅛	£25¼	£18¼	6,496	4.0	♣
ANZ A$	240¼	–4½	278¼	130	2,140	3.8	18.9
Abbey National ...qN□	470xd	–6	524	345	8,164	3.7	15.8
Allied Irish I£ ....♣□	266xd	+4	314	179	1,647	5.5	♣
Anglo Irish I£ ....N□	67	—	*70	38	198.2	7.5	10.4
Asahi Y	709	–2	844	415	16,452	0.7	–
Banco Bil Viz Pta	£14⅞	—	£17⅞	213½	3,434	5.5	6.7
Banco Sant Pta	£31⅛	—	536	£24⅛	3,513	4.3	12.1
Bank Leumi (UK)	430xd	—	450	325	35.2	5.5	♣
Bk Ireland I£ ....♣xz□	254	+6	*319	117	1,197	4.9	16.7
Bank Scotland ...♣†□	193	+4	247	116½	2,246	3.0	25.2
9¼pc Pf	128	+1	141½	117¾	128.0	9.0	–
9¾pc Pf	134¾	+¼	149½	123½	134.8	9.0	–
Barclays ....qN□	526xd	+2	602	382	8,763	3.5	27.3
Dai Ichi Kan Y	£12⅛	–⅛	£15⅞	£8⅞	37,698	0.4	66.7
Deutsche DM	£317⅜	+2⅜	£348⅞	£250½	18,114	1.0	–
Espirito Santo	£21⅞	–⅛	£28⅞	£16½	228.8	3.7	5.1
First Nat Fin ....N□	17	–1	*65	45	127.6	2.4	–
6.3pc Cv Pf	66	—	*81	55	5.78	9.2	–
7pc Cv Pf	184	—	171	166	73.1	5.7	–
Fuji Bank Y	1443½	–12	1651	876	41,768	0.4	–
HSBC HK ....□	766xd	–9	1138	474	13,458	3.6	♣
HSBC (75p Shs) ...□	747xd	–9	1113	490	6,319	3.9	♣
Lloyds ....N□	562xd	–6	690	482	7,221	4.9	11.0
Mitsubishi Y	£18⅜	+⅛	£19¼	211⅛	52,325	0.3	–
Mits Tst & Bk Y	933¼	+6	1027¼	462½	12,933	0.8	159
Mitsui Tst & Bk Y	734½	+7½	852	374	8,600	0.7	25.8
Nat Aust A$	558½	–3¼	620¼	322	7,318	4.3	13.5
NatWest ....qN□	464xd	+6	534	398	7,711	0.8	12.7
Ottomane FFr	£30½	—	£35	£23¼	152.5	4.9	0.9
Ryl Bk Scotland .♣N□	418	+4	528	207	3,327	3.3	18.9
Sakura Y	£8⅞	+⅛	£11	£5¾	28,370	0.6	53.4
Sanwa Y ....s	£14⅞	–⅛	£16	£7¾	41,867	0.4	–
Standard Chartd .qN□	1050xd	–4	1437	578	2,661	3.0	10.4
7 3/8pc Prf	94½xd	+1¼	108½	22¼	94.5	0.8	–
Sumitomo Y	£13⅜	—	£16¼	£8¼	42,726	0.4	28.3
Sumitomo Tst Y	870¼	–36¼	1007½	437½	12,074	0.6	76.1
TSB ....N□	218xd	–½	261	145½	3,335	4.4	14.9
Tokai Y	87⅜	+⅛	£9⅞	£4⅞	18,177	0.7	50.0
Toyo Tst & Bk Y	737¼	+1¼	940	211	5,797	0.7	65.8
Westpac A$	230	–9	260	121	4,052	2.4	♣

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

Notes	Price	+ or –
Unigroup ....□	44	—
Waterhouse ....♣	45	—
Wickes ....N□	114	—
Widnes ....†N□	45½	+1
Wolseley ....♣†N□	830	+11

CHEMICALS

Notes	Price	+ or –
AGA SKr	£23½	+⅛
Akzo Fl	£79⅜	+⅜
Allied Colloids ....†N□	269	+1
Amber Ind ....†N	725	—
BASF DM	£130⅝	+⅜
BOC ....♣N□	785	+8
BTP ....♣†N□	211	+1
Bayer DM	2154⅜	+1⅜
Brent ....N□	112½	—
British Vita ....N□	279xd	–¼
Cambridge Iso & ....♣	22	—
Canning (W) ....♣□	178	—
Cementone ....♣N	95	—
Warrants	43	—
Courtaulds ....†N□	528	+19
Croda ....†N□	378	+3
Doeflex ....♣	127	—
European Colour ♣†□	21½	—
Gibbon Lyons ....♣†	145	–2
Hartons ....□	5¾	—
7pc Pf	40	—
Headway ....♣N	30	–3
Hickson ....♣N□	210	—
Hoechst DM	£135	+2⅜
Holliday Chemical ...□	201xd	–9
ICI ....qN□	875xd	—
Kalon ....♣N□	117½xd	—
Laporte ....♣qN□	171xd	–3¼
MTM ....□	68	+5
Manders ....N	330xd	+2

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

ENGINEERING, VEHICLES - Cont.

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

Approved by the Inland Revenue

INVESTMENT TRUSTS - Cont.

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1993/94 high	low	Yld Gr's	NAV	Dis or Pm(-)
Olim Conv	♣N	94	+1	111	87	11.8	105.3	11.8
Zero Pf		214	-2	219	163	–	–	–
Overseas Inv	♣N□	368	—	404	249	1.1	421.7	12.7
Warrants		202	—	241	93	–	–	–
Pacific Assets	♣□	458xd	+1	647	285	0.3	499.2	8.7
Warrants		359	-1	545	187	–	–	–
Pac Horizon	♣□	43	—	58	29	0.4	48.7	11.7
Warrants	□	8	—	18	0	–	–	–
Pantheon Intl	♣N	190	—	206	140	0.3	216.8	12.4
Warrants		80	—	97	80	–	–	–
Cv Ln '95/97		86	—	86	80	–	–	–
Paribas French	□	134xd	—	149	98	0.9	140.5	4.6
Perpetual Japan	□	111	—	115	83	–	108.0	-2.7
Warrants	□	70	—	80	27	–	–	–
Personal Assets	†	£92½	—	694	£76½	2.0	9608.5	-4.1
Pilot Inv	□	148	—	163	98	0.4	135.4	-8.5
Warrants	□	27	—	80	21	–	–	–
C	□	110	—	117	100	–	108.6	-1.3
Primadona		269xd	-1	283	157	2.1	319.1	15.7
Ptarmigan Intl	♣□	244	—	*276	180	0.4	258.8	5.7
Warrants		47	—	140	68	–	–	–
RIT Capital	□	174	—	186	100	0.8	218.1	20.2
2½pc Cv Ln 2000		£174xd	—	£185½	£100½	1.4	–	–
Radiotrust	□	86	—	86	47	–	67.2	-21.9
Rights & Iss Inc		155xd	—	141	114	7.9	–	–
Cap		465xd	—	635	303	2.2	527.0	13.7
Riv & Merc Am Inc		112xd	-1½	131	106	8.7	–	–
Cap	□	41	—	95	27	–	45.6	25.4
Warrants		13½	-½	17	11	–	–	–
Riv & Mer Ext	NC□	135	—	147	87	7.8	125.8	-9.5
Warrants		42	—	40	13	–	–	–
Zero Div Pf		114½	—	118½	103	–	–	–

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

Harmony	
Hi-Tec S	
Hornby	
IMC Inds	
Inspiratio	
Jarvis Ho	
Kunick	
0¼pc	
Ladbroke	
Magnolia	
Man Utd	
Mandarin	
Millwall	
Northern	
Owners A	
8¼p C	
Parkdean	
Pelican	
PizzaExp	
Prism Le	
Quadrant	
Queens	
7pc Cv	
7½pc	
Ramsden	
Rank Org	
0¼p C	
Regal Ho	
Resort H	
Ryan Ho	
Savoy A	
Spear (J)	

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Trans Can Pipe	♥	9⅞	-⅛	11⅛	8⅝	1,809	4.6	

SOUTH AFRICANS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£22½	—	£23½	£7½	1,344	3.0	Φ
Barlow		£4⅛	-⅛	£5⅛	£3⅛	818.0	7.9	7.5
Gold Fields SA R		£13⅛	-⅛	216	£7⅛	1,344	3.0	23.4
MK Props	♣	95	—	87	68	3.82	9.8	37.9
SASOL	♥	312	-6	381	215	1,767	5.0	–
SA Brews		£11⅛	-⅛	£15⅛	£7⅛	6,388	2.3	19.5
Tiger Oats		883	-25	838	515	898.0	2.5	14.0
Tongaat-Hulett	†	551	-18	589	312	412.4	2.7	15.4

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a *member of the Financial Times Group.*

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated *Net Asset Values (NAVs)* are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the *Stock Exchange Automated Quotation system (SEAQ) and non-UK* stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
k Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1295 a year for each *security shown, subject to the Editor's discretion*

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT3439. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the *next working day, subject to availability.*

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, international) *for more information on FT Cityline.*

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Thornton Unit Managers Ltd (1200)F
33 Queen Street, London EC4R 1AX 071-246 3000
Dealing 071-246 3001

[illegible]

Waverley Unit Tst Mngmt Ltd (1000)F
13 Charlotte Sq, Edinburgh 031-225 1551

[illegible]

Whittingdale Unit Tst Mngmt Ltd (0830)F
2 Honey Lane, London EC2V 8BT 071-600 0482

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Scottish Amicable

Standard Life Assurance Company

Windsor Life Assur Co Ltd

Providence Capitol International Ltd - Contd.

Fidelity Money Funds - Contd.

GUERNSEY (REGULATED)(**)

ANZ Mogost Co (Guernsey) Ltd

Arab Bank Fund Managers (Guernsey) Ltd

Bachmann Global Investment Fund Ltd

Prolific International Fund Plc

Scottish Value Management (Ireland) Ltd (u)

AXA Equity & Law Intl Fund Mgs

Appleton Financial Advisors Ltd

City Financial Admin (IoM) Ltd

Scottish Equitable plc

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Provident Group

Scottish Widows' Group

Skandia Life Assurance Co Ltd

Sun Alliance Group

Sun Life of Canada (UK) Ltd

Swiss Life (UK) PLC

TSB Life Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

Wesleyan Assurance Society

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

Royal Life Intl Ltd

Royal Skandia Life Assurance Ltd

Scottish Provident Intl Life Ass Ltd

Sun Alliance International Life

Sun Life International (IOM) Ltd

Target International Group

Jupiter Tyndall (Bermuda) Ltd

Newport Investment Management

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

FT MANAGED FUNDS SERVICE

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INVESCO International Limited

All Funds deal daily except where indicated.

	Bid Price	Offer Price	+ or -	Yield Gross
Sterling Denominated Income Funds				
American Equity Inc	£1.8760	2.0136xd	-0.0080	3.08
Japan Inc & Gwth	£2.1050	2.2550	-0.0030	1.36
Sterling Denominated Growth Funds				
Emerging Markets	£5.5570	5.9750	-0.0850	-
£ Mng Portfolio	£2.0610	2.2200	-0.0170	1.20

Jupiter Tyndall (Jersey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Gilt Fd	118.7	124.7xd		2.00
(Accum Shares)	790.0	833.8	+0.1	2.00
Managed Currency Stlg	123	130	—	-
International	484	508	—	0.24

Lloyds Bank Trust Co (CI) Mngrs

	Bid Price	Offer Price	+ or -	Yield Gross
Lloydstrust World Inv Port	£3.098	3.288	—	3.01

Dealing Weekly on Thursday

Lombard Odier (Jersey) Ltd

Den norske Bank

2 Boulevard Royal, Lux 010 352 4590 3271

Eagle Star – Global Assets Fund (u)

5 Rue Adringen L-1118 Luxembourg

PRICOA Worldwide Inv Portfolio Sicav (u)

Schroder International Selection Fd (u)

Scottish Equitable Intl Fund SICAV (u)

Sun Life Global Management Ltd (u)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

D-Mark moves lower

The D-Mark yesterday gave up some of the gains it made at the end of last week, finishing weaker against the dollar, sterling and European currencies, *writes Philip Gawith.*

Amidst fairly quiet trading ahead of the Easter weekend, the D-Mark's retreat was more a case of reversing a trend that had gone too far last week, than a reaction to any fresh data.

The D-Mark was led lower in Europe by the resurgent Italian lira ahead of the announcement today of the election result. Dealers said there was an element of short-covering by some investors in anticipation of a post-election rally.

■ Following last week's bout of strength, the D-Mark fell victim to profit-taking before Easter. Volumes, however, were light with dealers reluctant to take positions ahead of the weekend.

The German currency gained little support from comments by Mr Hans Tietmeyer, the Bundesbank president, that he was still worried about the high rate of German money supply growth. On the other hand, a small drop in inflation encouraged those hoping for a quicker fall in interest rates.

The statistics office said West German CPI rose 0.2 per cent from February and 3.2 per cent year-on-year, weaker than the previous month's 0.3 per cent and 3.4 per cent.

Economists said the figures confirmed the favourable trend of German inflation and predicted the headline number could fall below 3 per cent in the coming months. Natwest Markets in their latest forecast put German CPI at 3.1 per cent in the second quarter and 2.8 per cent in the third quarter.

The futures market was cheered by the inflation figures with the June 3-month euromark contract three basis points firmer at 94.57. The market is thus discounting three month money at 5.43 per cent in June compared to the current level of about 5.75 per cent. The December contract was four points higher at 94.91.

The overall tone of the futures, however, remains pessimistic. The market expects interest rates to bottom in March next year, with 3-month money at 5 per cent compared to 5.75 per cent now. Ms Phyllis Reed, European bond strategist at BZW, believes rates will be at 3½-4 per cent by that time.

The outlook for a further fall in the repo rate this week from 5.80 per cent remains promising. Call money is currently about 5.70 per cent. Ms Reed predicts a 5-7 basis points fall in the rate.

The D-Mark finished lower against the dollar, closing in London at DM1.6728 from DM1.668 on Friday. It was also weaker against most currencies in Europe. Against the Spanish peseta it closed at Pta82.15 from Pta82.27.

■ Elsewhere in Europe the lira enjoyed a strong recovery to close in London at L978.4 from L988.8 on Friday. Analysts said this recovery probably reflected short lira positions being squeezed out of the market - that is, people who had sold lira without owning it, being forced to buy it back.

Mr Jeremy Hawkins, senior economic adviser at Bank of America, said the market appeared to have revised its view of a desirable election result. Initially the consensus was that the market would prefer a centre-left government, preferably with Mr Carlo Azeglio Ciampi, the prime minister and former central bank governor, at the helm.

Now a greater premium is being placed on a stable government that can implement a credible deficit reduction plan. There is, however, a view in some quarters that a stable government of the centre-right is not possible.

The Bank of France left its intervention rate unchanged at 6.00 per cent at a securities repurchase tender held to put funds into the money market. The franc was slightly stronger at FFr3.422 from FFr3.426 against the D-Mark.

■ Sterling had a quiet day, ending firmer against the weaker D-Mark at DM2.5035 from DM2.4978. Analysts said this reflected D-Mark weakness rather than any renewed appetite for pounds.

It was marginally lower compared with the stronger dollar, finishing at $1.4966 from $1.4975. The UK currency has failed repeatedly in recent months to break decisively above the $1.50 level.

Apart from being held back by continuing to trade with the dollar, analysts said the pound remained vulnerable on the political front. The government appears in something of a lose-lose situation in the current debate over EU voting rules: a compromise will anger Tory euro-sceptics, while a hardline attitude will leave Britain as the odd man out in Europe.

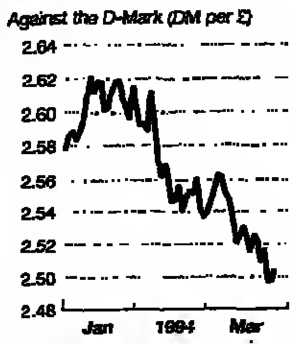
The message from sterling futures is that the market is increasingly pessimistic about the outlook for lower interest rates in the UK. The June short sterling contract fell a further 6 basis points to 94.60 while the December future was nine points lower at 94.09.

Money market rates were broadly unchanged with 3-month money offered at 5¼ per cent.

In the discount market the Bank of England provided late assistance of £265m. Earlier in the day it put £522m into the market after forecasting a shortage of £850m.

Sterling

Against the D-Mark (DM per £)



Source: Datastream

■ **Pound in New York**

Mar 28	—Latest—	– Prev. close –
£ spot	1.4965	1.4987
1 mth	1.4945	1.4966
3 mth	1.4910	1.4931
1 yr	1.4829	1.4853

■ **OTHER CURRENCIES**

Mar 28	£	$
Hungary	153.598 - 153.737	102.640 - 102.890
Iran	2620.00 - 2626.00	1748.00 - 1750.00
Kuwait	0.4451 - 0.4461	0.2975 - 0.2980
Poland	32833.4 - 32855.4	21946.0 - 21946.0
Russia	2607.08 - 2616.05	1742.00 - 1748.00
U.A.E.	5.4877 - 5.4989	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Mar 28		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.6337	+0.1038	241 - 433	17.6433	17.5451	17.6299	0.3	17.6243	0.2	-	-	113.9
Belgium	(BFr)	51.5816	+0.0972	556 - 080	51.6675	51.4288	51.6268	-1.0	51.7018	-0.9	51.9018	-0.6	115.1
Denmark	(DKr)	9.8607	+0.0142	548 - 666	9.8715	9.8305	9.8708	-1.2	9.8841	-1.0	9.8939	-0.3	114.6
Finland	(FM)	8.3052	-0.0336	948 - 155	8.3390	8.2740	-	-	-	-	-	-	80.5
France	(FFr)	8.5654	+0.0056	614 - 694	8.5779	8.5323	8.572	-0.9	8.5858	-1.0	8.6010	-0.4	108.1
Germany	(DM)	2.5035	+0.0057	022 - 048	2.5122	2.4926	2.5044	-0.4	2.5058	-0.4	2.5006	0.1	123.6
Greece	(Dr)	367.865	+2.582	592 - 137	368.137	365.215	-	-	-	-	-	-	-
Ireland	(I£)	1.0363	-0.0032	354 - 372	1.0398	1.0354	1.037	-0.8	1.0383	-0.8	1.0432	+0.7	103.0
Italy	(L)	2449.71	-20.45	777 - 165	2471.15	2448.26	2455.91	-3.0	2468.61	-3.1	2514.51	-2.6	76.8
Luxembourg	(LFr)	51.5818	+0.0972	556 - 080	51.6675	51.4288	51.6268	-1.0	51.7016	-0.9	51.9016	+0.6	115.1
Netherlands	(Fl)	2.8159	+0.0074	142 - 175	2.8194	2.8049	2.8184	-0.2	2.8162	0.0	2.8138	0.1	118.8
Norway	(NKr)	10.9029	+0.0292	977 - 080	10.9131	10.8488	10.8972	0.6	10.9098	-0.3	10.9009	0.0	85.0
Portugal	(Es)	258.912	+0.826	676 - 148	259.148	257.462	259.887	-4.5	261.832	-4.5	-	-	-
Spain	(Pta)	205.715	+0.227	609 - 821	205.821	205.057	206.22	-2.9	207.205	-2.9	210.666	-2.4	85.1
Sweden	(SKr)	11.8007	-0.0195	911 - 102	11.8288	11.7412	11.8217	-2.1	11.8577	-1.9	11.9767	-1.5	76.0
Switzerland	(SFr)	2.1269	+0.003	258 - 280	2.1336	2.1234	2.1252	1.0	2.1208	1.1	2.0964	1.4	119.0
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.2
Ecu	-	1.2995	+0.0016	985 - 005	1.3007	1.2967	1.3007	-1.1	1.3027	-1.0	1.3059	-0.5	-
SDR†	-	0.940559	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4967	-0.001	961 - 972	1.4994	1.4947	-	-	-	-	-	-	-
Brazil	(Cr)	1316.15	+22.26	567 - 663	1317.00	1292.00	-	-	-	-	-	-	-
Canada	(C$)	2.0554	-0.0033	543 - 564	2.0620	2.0519	2.0543	0.6	2.0541	0.3	2.059	-0.2	67.6
Mexico	(New Peso)	5.0238	+0.0009	175 - 300	5.0300	5.0201	-	-	-	-	-	-	-
USA	($)	1.4966	-0.0009	961 - 971	1.4991	1.4947	1.4945	1.7	1.4911	1.5	1.483	0.9	65.8
Pacific/Middle East/Africa													
Australia	(A$)	2.1004	-0.0058	989 - 018	2.1080	2.0982	2.0989	0.9	2.0965	0.7	2.0946	0.3	-
Hong Kong	(HK$)	11.5612	-0.0077	566 - 658	11.5805	11.5473	11.5482	1.3	11.5428	0.6	11.4937	0.6	-
India	(Rs)	46.9465	-0.0229	252 - 678	47.0200	46.8920	-	-	-	-	-	-	-
Japan	(Y)	156.575	-0.261	477 - 672	157.760	156.570	156.215	2.8	155.375	3.1	151.84	3.0	185.5
Malaysia	(M$)	4.0289	-0.0367	260 - 317	4.0765	4.0252	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6316	-0.0137	293 - 343	2.6345	2.6276	2.6347	-1.3	2.639	-1.1	2.6476	-0.6	-
Philippines	(Peso)	41.2688	+0.0235	931 - 445	41.5640	41.0205	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.6127	-0.003	105 - 149	5.6216	5.6059	-	-	-	-	-	-	-
Singapore	(S$)	2.3572	-0.0055	556 - 587	2.3663	2.3549	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.1611	+0.005	571 - 650	5.1680	5.1437	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.1062	+0.0569	953 - 150	7.2056	7.0391	-	-	-	-	-	-	-
South Korea	(Won)	1209.41	-2.4	885 - 996	1212.77	1209.02	-	-	-	-	-	-	-
Taiwan	(T$)	39.5102	-0.0375	970 - 234	39.5900	39.4600	-	-	-	-	-	-	-
Thailand	(Bt)	37.7892	-0.0289	615 - 157	37.8520	37.7560	-	-	-	-	-	-	-

†SDR rate for Mar 25. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 28		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	(Sch)	11.7825	+0.076	800 - 850	11.7940	11.7190	11.801	-1.9	11.8297	-1.6	11.8412	+0.5	103.5
Belgium	(BFr)	34.4660	+0.0845	600 - 720	34.5500	34.3350	34.5495	-2.8	34.6645	-2.3	34.9295	-1.3	104.7
Denmark	(DKr)	6.5888	+0.0133	870 - 905	6.6025	6.5653	6.6046	-2.9	6.6291	-2.4	6.6715	-1.3	103.5
Finland	(FM)	5.5494	+0.0193	443 - 544	5.5771	5.5268	5.5562	-1.5	5.5639	-1.0	5.5757	+0.5	75.3
France	(FFr)	5.7233	+0.007	225 - 240	5.7385	5.7015	5.7358	-2.8	5.7583	-2.4	5.8003	-1.3	104.7
Germany	(D)	1.6728	+0.0048	725 - 731	1.6770	1.6645	1.6758	-2.2	1.68	-1.7	1.6854	+0.8	105.4
Greece	(Dr)	245.800	+1.85	700 - 900	246.100	244.700	249.1	-16.1	256.55	-17.5	284.05	-15.6	71.1
Ireland	(I£)	1.4442	+0.0036	434 - 449	1.4456	1.4385	1.4411	2.5	1.4357	2.3	1.4208	1.6	-
Italy	(L)	1636.85	-12.73	610 - 760	1650.25	1634.75	1643.3	-4.7	1655.75	-4.8	1695.6	-3.6	76.6
Luxembourg	(LFr)	34.4660	+0.0845	600 - 720	34.5500	34.3350	34.546	-2.6	34.661	-2.3	34.926	-1.3	104.7
Netherlands	(Fl)	1.8815	+0.006	810 - 820	1.8859	1.8722	1.8844	-1.9	1.8887	-1.5	1.8941	-0.7	104.1
Norway	(NKr)	7.2851	+0.0236	841 - 861	7.2991	7.2427	7.2978	-2.1	7.3211	-2.0	7.3601	-1.0	95.3
Portugal	(Es)	173.000	+0.65	900 - 100	173.300	172.030	173.915	-6.3	175.53	-5.8	180.675	-4.4	93.0
Spain	(Pta)	137.455	+0.23	430 - 480	137.510	137.040	137.985	-4.6	138.965	-4.4	142.055	-3.3	80.5
Sweden	(SKr)	7.8850	-0.0086	812 - 887	7.9075	7.8353	7.91	-3.8	7.9528	-3.4	8.076	-2.4	81.4
Switzerland	(SFr)	1.4212	+0.0028	209 - 214	1.4261	1.4167	1.4221	-0.7	1.4224	-0.3	1.4136	0.5	104.4
UK	(£)	1.4966	-0.0009	961 - 971	1.4991	1.4947	1.4945	1.7	1.4911	1.5	1.483	0.6	88.9
Ecu	-	1.1517	-0.0021	512 - 522	1.1554	1.1495	1.1491	2.8	1.1446	2.5	1.1357	1.4	-
SDR†	-	1.41065	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0001	-0.0001	000 - 001	1.0001	0.9980	-	-	-	-	-	-	-
Brazil	(Cr)	879.425	+15.35	400 - 450	879.435	879.400	-	-	-	-	-	-	-
Canada	(C$)	1.3734	-0.0014	731 - 736	1.3763	1.3725	1.3748	-1.0	1.3777	-1.2	1.3884	-1.1	83.9
Mexico	(New Peso)	3.3568	+0.0025	538 - 598	3.3598	3.3538	3.3578	+0.4	3.3596	-0.3	3.367	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	100.7
Pacific/Middle East/Africa													
Australia	(A$)	1.4034	-0.0032	029 - 039	1.4077	1.4010	1.4046	-1.1	1.4093	-1.7	1.4199	-1.2	86.9
Hong Kong	(HK$)	7.7250	-0.0007	245 - 255	7.7255	7.7245	7.728	-0.5	7.734	-0.5	7.7587	+0.4	-
India	(Rs)	31.3688	+0.0025	650 - 725	31.3725	31.3650	31.4338	-2.5	31.5688	-2.8	-	-	-
Japan	(Y)	104.620	-0.115	530 - 650	104.940	104.590	104.525	1.1	104.205	1.6	102.39	2.1	145.9
Malaysia	(M$)	2.6920	+0.023	910 - 930	2.7195	2.6900	2.685	3.1	2.6695	3.3	2.732	-1.5	-
New Zealand	(NZ$)	1.7586	-0.006	575 - 596	1.7598	1.7523	1.7599	-0.9	1.7644	-1.3	1.7863	-1.8	-
Philippines	(Peso)	27.5750	-	000 - 500	27.7500	27.4000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7503	+0.0001	501 - 505	3.7505	3.7501	3.751	+0.2	3.7533	-0.3	3.7648	-0.4	-
Singapore	(S$)	1.5750	-0.0028	745 - 755	1.5790	1.5745	1.5744	0.5	1.5739	0.3	1.5725	0.2	-
S Africa (Com.)	(R)	3.4485	+0.0052	470 - 500	3.4503	3.4360	3.465	-5.7	3.491	-4.9	3.584	-3.9	-
S Africa (Fin.)	(R)	4.7475	+0.04	425 - 525	4.8150	4.7050	4.7815	-8.6	4.8415	-7.9	-	-	-
South Korea	(Won)	808.100	-1.15	000 - 200	809.400	808.200	811.1	-4.5	814.6	-3.2	833.1	-3.1	-
Taiwan	(T$)	26.4000	-0.01	000 - 000	26.4130	26.4000	26.4655	-3.0	26.568	-2.9	-	-	-
Thailand	(Bt)	25.2500	+0.005	400 - 600	25.2600	25.2400	25.33	-3.8	25.455	-3.2	25.975	-2.9	-

†SDR rate for Mar 25. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Mar 25. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 28		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.12	16.61	4.855	2.009	4750	5.459	21.13	501.6	398.8	22.88	4.124	1.939	3.984	2.902	303.6	2.516
Denmark	(DKr)	52.31	10	8.690	2.539	1.051	2485	2.856	11.05	262.5	208.6	11.97	2.157	1.014	2.084	1.518	158.8	1.317
France	(FFr)	60.19	11.51	10	2.922	1.209	2859	3.286	12.72	302.1	240.1	13.77	2.482	1.167	2.398	1.747	182.8	1.515
Germany	(DM)	20.60	3.938	3.422	1	0.414	978.4	1.125	4.353	103.4	82.15	4.712	0.849	0.399	0.821	0.598	62.54	0.519
Ireland	(I£)	49.79	9.516	8.271	2.417	1	2365	2.718	10.52	246.6	198.6	11.39	2.053	0.965	1.984	1.445	151.2	1.254
Italy	(L)	2.105	0.402	0.350	0.102	0.042	100.	0.115	0.445	10.57	8.396	0.482	0.087	0.041	0.084	0.061	6.392	0.053
Netherlands	(Fl)	18.32	3.502	3.043	0.889	0.368	870.0	1	3.871	91.94	73.05	4.190	0.755	0.355	0.730	0.532	55.61	0.461
Norway	(NKr)	47.32	9.047	7.861	2.297	0.950	2248	2.583	10	237.5	188.7	10.83	1.951	0.917	1.885	1.373	143.7	1.192
Portugal	(Es)	19.92	3.809	3.310	0.967	0.400	946.3	1.088	4.210	100.	79.45	4.558	0.822	0.386	0.794	0.578	60.49	0.502
Spain	(Pta)	25.08	4.794	4.166	1.217	0.504	1191	1.369	5.299	125.9	100.	5.737	1.034	0.486	0.999	0.728	76.13	0.632
Sweden	(SKr)	43.71	8.357	7.262	2.122	0.878	2076	2.386	9.237	219.4	174.3	10	1.803	0.847	1.742	1.269	132.7	1.101
Switzerland	(SFr)	24.25	4.636	4.029	1.177	0.487	1152	1.324	5.125	121.7	96.71	5.548	1	0.470	0.966	0.704	73.62	0.611
UK	(£)	51.58	9.861	8.569	2.504	1.036	2450	2.816	10.90	258.9	205.7	11.80	2.127	1	2.055	1.497	156.6	1.299
Canada	(C$)	25.10	4.799	4.170	1.218	0.504	1192	1.370	5.304	126.0	100.1	5.742	1.035	0.487	1	0.728	76.20	0.632
US	($)	34.46	6.587	5.724	1.673	0.692	1637	1.881	7.281	172.6	137.4	7.882	1.421	0.668	1.373	1	104.6	0.868
Japan	(Y)	329.4	62.97	54.72	15.99	8.615	15645	17.98	69.60	1653	1314	75.35	13.58	6.386	13.12	9.559	1000.	8.295
Ecu		39.71	7.591	6.597	1.928	0.798	1886	2.168	8.391	199.3	158.4	9.084	1.637	0.770	1.582	1.152	120.5	1

Yen per 1,000: Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5978	0.5952	-0.0025	0.5980	0.5950	51,010	101,124
Sep	0.5938	0.5934	-0.0025	0.5938	0.5934	93	2,584
Dec	-	0.5933	-	-	0.5933	6	115

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.9571	0.9577	+0.0004	0.9585	0.9558	23,568	48,898
Sep	0.9625	0.9626	-	0.9628	-	69	1,915
Dec	0.9670	0.9662	-0.0018	-	-	13	399

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7045	0.7013	-0.0038	0.7045	0.7010	12,526	36,422
Sep	0.7030	0.7029	-	0.7030	0.7030	27	272
Dec	-	0.7075	+0.0005	-	-	3	45

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.4926	1.4918	-	1.4940	1.4910	13,399	27,464
Sep	1.4870	1.4870	-0.0024	1.4870	1.4870	8	629
Dec	-	1.4850	-	-	1.4850	15	33

EMS EUROPEAN CURRENCY UNIT RATES

Mar 28	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.16835	+0.00487	-1.29	4.72	-
Ireland	0.808628	0.798279	+0.003066	-1.28	4.71	9
Belgium	40.2123	39.7519	+0.0401	-1.14	4.57	8
Germany	1.94964	1.92761	+0.00475	-1.13	4.56	-
France	6.53883	6.59919	+0.00562	0.92	2.42	-8
Denmark	7.43679	7.59313	+0.00459	2.10	1.24	-14
Spain	154.250	158.339	-0.103	2.65	0.70	-18
Portugal	192.854	199.353	+0.453	3.37	0.00	-23
NON ERM MEMBERS						
Greece	264.513	283.167	+0.97	7.05	-3.44	-
Italy	1793.19	1890.83	-20.72	5.45	-1.97	-
UK	0.786748	0.769957	+0.002686	-2.13	5.62	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Apr	May	Jun	PUTS Apr	May	Jun
1.400	9.24	9.09	9.07	-	0.01	0.16
1.425	6.81	6.79	6.91	-	0.14	0.43
1.450	4.38	4.83	4.92	0.03	0.47	0.92
1.475	2.27	2.80	3.25	0.36	1.13	1.73
1.500	0.78	1.52	2.02	1.37	2.28	2.89
1.525	0.16	0.71	1.15	3.16	3.91	4.49

Previous day's vol., Calls 12,145 Puts 28,776 . Prev. day's open int., Calls 622,908 Puts 457,387

WORLD INTEREST RATES

MONEY RATES

March 28	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	-	6⅝	5⅞	5⅞	6¼	7.40	5.00	-
week ago	-	6⅝	6⅛	6⅛	6¼	7.40	6.00	-
France	5½	6⅜	5¾	6⅛	5⅞	6.00	-	7.75
week ago	6¼	6⅜	6¼	6⅛	5⅞	6.10	-	7.75
Germany	5.73	5.80	5.75	5.60	5.43	6.75	5.25	5.80
week ago	5.75	5.80	5.75	5.58	5.38	6.75	5.25	5.88

[illegible]

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.52	94.57	0.03	94.58	94.52	28711	255684
Sep	94.73	94.79	0.04	94.81	94.73	15585	168030
Dec	94.85	94.90	0.03	94.93	94.84	19343	162679
Mar	94.94	95.00	0.05	95.10	94.93	15031	152469

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

[illegible]

UK INTEREST RATES

LONDON MONEY RATES

Mar 28	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	8 - 4½	5¼ - 5⅛	5⅜ - 5¼	5⅝ - 5½	5⅞ - 5¾	5⅞ - 5¾
Sterling CDs	-	-	5⅜ - 5⅜	5⅝ - 5⅝	5⅝ - 5¼	5½ - 5⅜
Treasury Bills	-	-	4⅞ - 4⅞	4¾ - 4⅞	-	-
Bank Bills	-	-	4⅞ - 4⅞	5 - 4⅞	5⅛ - 5	-

[illegible]

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9450	0.22	0.24	0.19	0.10	0.34	0.59
9475	0.09	0.14	0.12	0.22	0.48	0.77
9500	0.03	0.08	0.07	0.41	0.68	0.97

Est. vol. total, Calls 4127 Puts 7886. Previous day's open int., Calls 143370 Puts 198986

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	5
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	5.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	5		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 28 / Sch)

BELGIUM/LUXEMBOURG (Mar 28 / Frs.)

DENMARK (Mar 28 / Kr)

FINLAND (Mar 28 / Mks)

FRANCE (Mar 28 / Frs.)

GERMANY (Mar 28 / Dm.)

ITALY (Mar 28 / Lire)

NETHERLANDS (Mar 28 / Fls.)

NORWAY (Mar 28 / Kroner)

SPAIN (Mar 28 / Pts.)

SWEDEN (Mar 28 / Kronor)

SWITZERLAND (Mar 28 / Frs.)

PACIFIC

JAPAN (Mar 28 / Yen)

HONG KONG (Mar 28 / H.K.$)

MALAYSIA (Mar 28 / MYR)

SINGAPORE (Mar 28 / S$)

AUSTRALIA (Mar 28 / Aust$)

NORTH AMERICA

CANADA

TORONTO (Mar 28 / Can $) 3:15 pm

MONTREAL (Mar 28 / Can $) 3:15 pm

AFRICA

SOUTH AFRICA (Mar 28 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are 1993-94, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Monday, March 28, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
NEC	8.5m	1,150	+50	NKK	3.4m	262	+4
Fuji Heavy Inds	4.8m	413	+3	Mitsui Matushima	3.2m	611	+29
Hitachi	4.2m	966	+8	Teac	3.2m	875	+23
Isuzu Motors	4.0m	486	-4	Ricoh Co	3.2m	825	+20
Fujitsu	3.5m	1,060	+30	Kawasaki Steel	3.0m	364	+5

INDICES

	Mar 28	Mar 25	Mar 24	1993/4 High		1993/4 Low	
Argentina							
General (29/12/77)	(u)	20213.98	19825.92	25470.40	16/2/94	12167.86	8/3/93
Australia							
All Ordinaries(1/1/80)	2108.9	2151.6	2169.8	2340.60	3/2/94	1495.00	13/1/93
All Mining(1/1/80)	1033.0	1049.8	1044.8	1136.10	3/2/94	804.70	13/1/93
Austria							
Credit Aktien(30/12/84)	436.48	438.12	444.87	480.86	2/2/94	300.26	14/1/93
Traded Index(2/1/91)	1131.80	1132.86	1155.69	1222.25	1/2/94	712.06	15/1/93
Belgium							
BEL20 (1/1/91)	1481.48	1481.80	1494.49	1542.66	9/2/94	1125.46	4/1/93
Brazil							
Bovespa (29/12/83)	(u)	14581.0	13768.0	14581.90	25/3/94	71.47	4/1/93
Canada							
Metals Minls♦(1975)	(u)	3742.90	3802.51	3879.30	18/3/94	2743.31	21/1/93
Composite♦ (1975)	(u)	4528.29	4589.70	4600.50	23/3/94	3275.80	21/1/93
Portfolio§§ (4/1/83)	(u)	2108.52	2140.85	2182.80	1/2/94	1720.97	21/1/93
Chile							
IPGA Gen (31/12/80)	(u)	4233.8	4210.2	4867.80	4/2/94	2812.59	10/5/93
Denmark							
CopenhagenSE(3/1/83)	386.13	385.38	388.24	415.79	2/2/94	281.80	4/1/93
Finland							
HEX General(28/12/90)	1794.0	1805.7	1838.0	1872.00	4/2/94	843.10	22/1/93
France							
SBF 250 (31/12/90)	1451.45	1447.55	1452.96	1585.20	2/2/94	1114.19	28/1/93
CAC 40(31/12/87)	2144.49	2136.62	2152.56	2355.93	2/2/94	1772.21	28/1/93
Germany							
FAZ Aktien(31/12/58)	822.20	817.88	827.87	886.87	4/1/94	590.92	14/1/93
Commerzbank(1/12/53)	2347.9	2334.7	2365.9	2459.00	4/1/94	1694.30	14/1/93
DAX (30/12/87)§	2161.42	2130.06	2161.58	2267.98	3/1/94	1516.50	13/1/93
Greece							
Athens SE(31/12/80)	1040.54	(c)	1059.15	1194.08	18/1/94	667.72	5/1/93
Hong Kong							
Hang Seng(31/7/64)	9197.03	9234.21	9320.75	12201.09	4/1/94	5437.80	4/1/93
India							
BSE Sens.(1978)	3713.1	3678.1	3861.4	4287.90	28/2/94	2100.67	23/4/93
Indonesia							
Jakarta Comp.(10/8/82)	491.00	490.84	494.18	612.89	5/1/94	273.31	5/1/93
Ireland							
ISEQ Overall(4/1/88)	1863.41	1871.50	1886.31	2082.19	20/1/94	1191.19	11/1/93
Italy							
Banca Comm Ital (1972)	693.52	689.73	687.25	693.52	28/3/94	446.38	8/1/93
MIB General (4/1/94)	1104.0	1063.0	1058.0	1104.00	28/3/94	944.00	10/1/94
Japan							
Nikkei 225 (16/5/49)	19841.79	19836.48	20037.90	21148.11	13/9/93	16078.71	29/11/93
Nikkei 300 (1/10/82)	295.86	295.18	296.34	308.84	10/11/93	249.64	29/11/93
Topix (4/1/68)	1612.84	1610.35	1614.81	1698.67	3/9/93	1250.06	25/1/93
2nd Section (4/1/68)	2210.30	2186.74	2180.91	2304.97	7/8/93	1651.72	26/1/93
Malaysia							
KLSE Comp.(4/4/86)	951.43	970.10	983.52	1314.46	5/1/94	614.28	13/1/93
Mexico							
IPC (Nov 1978)	(u)	2520.78†	(c)	2881.17	8/2/94	1524.15	25/2/93
Netherlands							
CBS TRtnGen(End 83)	423.3	418.9	420.0	454.90	31/1/94	285.70	4/1/93
CBS All Shr (End 83)	274.4	272.1	274.1	294.90	31/1/94	188.80	13/1/93
New Zealand							
Cap. 40 (1/7/86)	2119.06	2150.01	2174.81	2438.84	3/2/94	22.00	22/2/94
Norway							
Oslo SE(Ind)(2/1/83)	1133.01	1139.44	1151.19	1211.10	28/2/94	688.93	27/1/93
Philippines							
Manila Comp (2/1/85)	2885.68	2831.07	2801.37	3308.37	4/1/94	1270.88	4/1/93
Portugal							
BTA (1977)	3144.4	3153.1	3154.7	3226.80	18/2/94	1808.29	14/1/93
Singapore							
SES All-S'pore(2/4/75)	524.02	533.84	543.84	641.61	4/1/94	394.10	13/1/93
South Africa							
JSE Gold (28/9/78)	2123.0♥	2215.0	2209.0	2301.00	4/1/94	775.00	5/1/93
JSE Ind. (28/9/78)	5737.0♥	5868.0	5974.0	6140.00	18/3/94	4323.00	19/4/93
South Korea							
KoreaCompEx(4/1/80)**	863.24	868.03	875.72	974.28	2/2/94	605.93	8/3/93
Spain							
Madrid SE (30/12/85)	327.32	329.39	330.58	358.31	31/1/94	236.88	4/1/93
Sweden							
AffarsvardnGen (1/2/37)	1434.9	1436.6	1466.6	1569.80	31/1/94	878.10	28/1/93
Switzerland							
Swiss Bk Ind (31/12/58)	1343.08	1332.68	1337.70	1421.34	31/1/94	904.80	11/1/93
SBC General (1/4/87)	1001.94	993.79	989.93	1089.29	31/1/94	676.70	11/1/93
Taiwan							
WeightedPr.(30/6/66)**	5331.90	5352.47	5325.98	6454.82	6/1/94	3098.43	9/1/93
Thailand							
Bangkok SET (30/4/75)	1246.34	1280.07	1285.81	1753.73	4/1/94	818.84	1/6/93
Turkey							
Istanbul Comp.(Jan 1986)	14214.18	13536.1	12980.7	20083.99	13/1/94	3865.53	1/1/93
WORLD							
MS Capital Int (1/1/70)$	612.8*	612.8	613.7	641.00	1/2/94	488.60	13/1/93
CROSS-BORDER							
Eurotrack 100(26/10/90)	1436.59	1412.49	1425.41	1540.19	31/1/94	1083.02	13/1/93
Euro Top-100 (26/6/90)	1229.81	1217.82	1224.96	1311.81	2/2/94	882.73	13/1/93
JCapalDepts (31/12/88)	(u)	304.74	307.04	385.18	5/1/94	186.82	4/1/93
Barings Emerg.(7/1/92)	159.81	158.12	160.96	182.72	14/2/94	99.81	4/2/93

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Mar	2130.0	2145.0	+8.0	2166.0	2128.0	32,998	30,304
Apr	2137.5	2165.5	+8.0	2178.5	2137.5	6,629	11,478
May	-	2158.0	+8.0	-	-	-	5,795

Open interest figures for previous day.

** Sat Mar 26: Taiwan Weighted Price 5332.21; Korea Comp Ex 872.68. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 28 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal ♦ Toronto. (c) Closed. (u) Unavailable. § IBIS/DAX after-hours index: Mar 28 - 2167.72 +23.72

US INDICES

Dow Jones	Mar 25	Mar 24	Mar 23	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Industrials	3774.73	3821.09	3869.45	3978.36 (31/1/94)	3241.95 (20/1/93)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	101.86	101.74	101.92	109.77 (15/10/93)	101.58 (25/3/94)	109.77 (15/10/93)	54.99 (1/10/81)
Transport	1714.86	1706.03	1725.01	1862.29 (2/2/94)	1453.84 (4/1/93)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	202.15	204.06	206.50	256.46 (31/8/93)	202.15 (25/3/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3845.85 (3885.42) Low 3764.85 (3792.58) (Theoretical)♦
Day's high 3826.85 (3869.45) Low 3760.76 (3803.53) (Actual)♦

Standard and Poors	Mar 25	Mar 24	Mar 23	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Composite ‡	460.58	464.35	468.54	482.00 (2/2/94)	429.05 (8/1/93)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	539.45	544.30	549.57	560.59 (2/2/94)	485.48 (26/4/93)	560.59 (2/2/94)	3.62 (21/6/32)
Financial	43.53	43.75	44.06	48.40 (26/8/93)	39.89 (8/1/93)	48.40 (26/8/93)	8.64 (1/10/74)
NYSE Comp.	256.29	257.96	260.28	267.71 (2/2/94)	236.21 (8/1/93)	267.71 (2/2/94)	4.46 (28/4/42)
Amex Mkt Val	468.43	469.65	473.38	487.29 (2/2/94)	395.84 (8/1/93)	487.29 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	783.45	786.68	797.51	803.93 (18/3/94)	645.87 (26/4/93)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Mar 25	Mar 18	Mar 11	Year ago
Dow Jones Ind. Div. Yield	2.70	2.62	2.61	2.88
	Mar 23	Mar 16	Mar 9	Year ago
S & P Ind. Div. yield	2.39	2.37	2.37	2.49
S & P Ind. P/E ratio	24.83	24.58	24.53	25.13

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Jun	459.50	462.10	+2.15	462.55	459.00	88,086	161,105
Sep	-	461.95	-5.15	-	-	385	5,392
Dec	-	464.40	-6.05	-	-	13	4,468

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Telefonos	6,919,400	62½	+2½
Chrysler	4,861,500	53½	-2¼
IBM	2,977,800	53⅜	-2½
Limited	2,409,800	22	-¼
Gen Motors	2,344,400	57	-1⅛
KLM	2,100,200	23⅝	+⅛
Am Barrick	2,105,700	26⅝	+⅛
Citicorp	2,089,700	37½	-⅛
Blockbuster	2,073,200	27⅛	+1⅛
Merck	2,051,300	30¾	+⅛

■ TRADING ACTIVITY

● Volume (million)	Mar 25	Mar 24	Mar 23
New York SE	249.582	303,742	178.483
Amex	15.248	18.513	20.341
NASDAQ	281.266	373.500	334.155
NYSE			
Issues Traded	2,728	2,781	2,747
Rises	848	520	1,151
Falls	1,197	1,729	956
Unchanged	685	532	640
New Highs	34	32	85
New Lows	88	120	41

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

3:15 pm March 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chg Prev. Close
17 3/8	11 1/2	AAR	0.48	3.0	533	92	16 1/2	15 7/8	16	-5/8
29 3/8	12 3/4	A L Labs A x	0.18	1.1	38	354	16 3/8	16 1/8	16 3/8	+1/8
67 1/4	54 3/8	AMP	1.68	2.7	23	1352	63 7/8	61 3/4	62 3/8	+5/8
72 3/4	55 1/4	AMR			29	5091	61 1/4	60 1/4	60 5/8	+5/8
5	1 3/4	ARX			15	412	4 5/8	4 3/8	4 1/2	-1/8
56 1/8	29 7/8	ASA	2.20	4.4	29	920	45 3/4	45	45	-7/8
30 3/4	22 5/8	Abbott L	0.76	2.6	19	6080	27 5/8	27	27 3/8	+3/8
13 3/4	8 3/4	Abitibi Pr	0.50	3.9	6	14	13	12 7/8	12 7/8	
15 5/8	8 3/4	Acpmocain			21	63	11 7/8	11 1/2	11 3/4	+1/8
36	25 1/2	ACE Ltd x	0.48	1.5	x	233	26 7/8	26 5/8	26 3/4	+1/8
12 5/8	10 3/4	ACM Gvt In x	1.09	9.7		422	11 3/8	11 1/4	11 1/4	-1/4
10 1/8	8 1/2	ACM GvOpp x	0.60	0.4		48	8 1/2	d8 3/8	8 1/2	
10 5/8	8 3/4	ACM Gvt Sp x	0.96	10.5		166	9 3/8	9 1/8	9 1/8	-1/4
12 1/4	10 1/2	ACM Gvt Se x	1.09	10.3		898	10 3/4	d10 1/2	10 5/8	-1/4
12 1/4	9 5/8	ACM Man x	1.20	11.2		204	9 7/8	d9 5/8	9 5/8	-1/8
9 3/8	8 3/8	ACM Mgd x	0.72	8.6		18	8 3/8	d8 3/8	8 3/8	-1/8
12 3/8	7 3/4	AcmeClv	0.44	4.8	11	33	9 1/8	9	9 1/8	-1/8
11 3/8	6 3/8	Acme Elect			33	42	8	7 3/8	7 3/8	-1/4
28 1/4	18 3/8	Acordia	0.60	2.2	13	12	27 3/8	27 1/2	27 1/2	-1/8
8 1/4	6 1/8	Actava	0.36	5.0	2	103	7 3/8	7	7 1/4	+1/8
18	10 3/4	Acuson			98	200	13	12 3/4	12 3/4	
21 1/4	17 1/8	Adams Expr	0.36	2.1	0	106	17 1/8	d17 1/4	17 1/4	-1/4
66 1/4	45 1/2	Ad Micro	3.20	5.2		110	60	57 3/4	58 3/4	-1 1/4
32 3/4	18 3/4	AdvMic	3.00	10.5	12	14259	29 5/8	27 3/4	28 5/8	-7/8
8 1/8	5 1/2	Advest Grp	0.16	2.4	18	150	8 1/8	6 3/8	6 3/8	
24 3/4	14 1/4	Advo Inc x	0.18	0.5	121	14	16 1/2	16 1/4	16 1/4	-1/2
58 1/2	41 1/8	Aegon ADR	1.23	2.4	11	22	50 1/2	50 1/8	50 3/8	-1/8
66 1/4	43 3/8	AetnaL	2.76	5.0	10	2532	50 3/4	54 3/4	55	
94	24 3/4	Aflac	0.45	1.3	13	11239	31	30 1/2	30 3/4	-1/8
22 1/8	16 3/8	Ahmson	0.88	5.8	11	839	17 3/4	17 1/2	17 1/2	+1/8

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NYSE COMPOSITE PRICES

pm March 28

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Price data supplied by Telekurs

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AMEX COMPOSITE PRICES

3:15 pm March 28

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NASDAQ NATIONAL MARKET

3:15 pm March 28

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AMERICA

Energy stocks weaker as Dow declines

Wall Street

US stocks continued to fall yesterday morning in spite of the prospect of further declines in crude oil prices, *writes Frank McGurty in New York.*

By midday, the Dow Jones Industrial Average was 35.41 lower at 3,739.32, while the Standard & Poor's 500 was off 3.31 at 457.27. In the secondary markets, the American SE composite was down 5.71 at 462.72, and the Nasdaq composite plunged 14.46 to 768.99 amid widespread weakness in the technology sector.

Volume on the New York SE was moderate, with 138m shares traded. Declining issues outnumbered advances by 1,624 to 473.

Stocks showed little reaction to Opec's failure to agree cuts in its current production ceiling. The cartel's inaction raised the likelihood of further declines in the price of crude oil, and a subsequent easing of inflationary pressures in the economy.

Equity investors were also unimpressed by a modest rally in bonds. In early trading, the yield bid on the benchmark 30-year government issue slipped below 7.00 per cent, a level which it breached on Friday for the first time in 10 months, setting off a downward lurch in share prices. But stocks were firmly anchored in negative ground in spite of the dip in yields. Near midday, the market fell sharply with traders unable to identify a overriding cause.

Cyclical issues again dragged Dow industrials down, in a reprise of last week's action. Caterpillar was off \$2⅞ at \$113⅞ and Allied Signal dropped \$1⅛ to \$36⅝.

Semiconductor and computer issues broke into full retreat. IBM fell \$1⅛ to \$52⅞, National Semiconductor \$1 to \$20¼ and Advanced Micro Devices \$1 to \$28½. Microo Technology dropped \$4½ to \$81¼ and Computer Associates International \$3⅜ to \$32⅝.

Energy stocks were generally weaker with the prospect of a further slide in crude oil prices. Arco retreated \$2¼ to \$98¾, Mobil lost \$1⅝ to \$76⅝ and Texaco fell \$1⅝ to \$64¼.

On the Nasdaq, America On-Line plunged \$6⅝ to \$78¼ on reports that Mr Paul Allen, co-founder of Microsoft who holds about 18 per cent of AOL's stock, was considering the sale of his stake. Microsoft, lost \$2⅞ to \$84⅝.

Canada

Toronto oils took a different line from their European counterparts on Opec's failure to agree immediate oil production cuts, and the sector index fell 165.95, or 3.5 per cent, to 4,590.50 at midday when the TSE 300 composite was 51.08, or 1.1 per cent, lower at 4,477.21.

Early weakness in golds, in sympathy with oils, eased to some extent and the sector index at noon was 52.25, or 0.5 per cent, down at 11,060.60.

Brazil

Equities in São Paulo rose 4.8 per cent in moderate midsession trade as investors were encouraged by expectations that Mr Fernando Henrique Cardoso, the economy minister, would resign to run for president in October's elections.

Under Brazilian law he must resign by April 2 if he wants to stand for public office. The Bovespa index was up 709 at 15,300, in turnover of Crz84.8bn. Telebras preferred rose 4.3 per cent to Cr41.30.

SOUTH AFRICA

Violence in Johannesburg city centre, as gunmen opened fire during a protest against next month's elections, depressed both activity and share prices, although markets ended off the day's lows. The overall index lost 139, or 2.7 per cent, at 5,031, golds 92 at 2,123 and industrials 131 at 5,737.

EUROPE

Rumours of right wing win lift Milan by 3.5%

Bourses rallied, but some brokers were wary aboot the quality of yesterday's gains, *writes Our Markets Staff.*

MILAN, with voting continuing in the general election, was boosted by unfounded rumours that the right-wing coalition had won sufficient votes to form a clear majority.

Domestic buyers were extremely active, swelling turnover to near record levels, as the BCI index settled up 23.79 or 3.5 per cent at 693.52.

Preliminary estimates suggested that screen trading reached e record, at L1,400bn. Screen trading currently accounts for 80 per cent of business.

With exit polls not officially available until the close of voting lete last night, the market's positive mood was driven by speculation, brokers said. A win for the right wing groupings would certainly provide a short term boost to equities, they added, given that such a result had not generally been forecast.

Aside from election fever the only other story of interest yesterday was confirmation that Stet and Siemens of Germany had signed an accord to form a telecommunications partnership. Stet closed np L333 at L5,470 and Sip L300 at L4,638.

FRANKFURT rose on domestic news, extended its gains during part of the afternoon and subsided towards the end, in line with an early wobble on Wall Street. The Dax index was 31.36 higher at 2,161.42 on the session, and hit 2,176.06 in the post bourse before closing the afternoon at 2,167.72.

Turnover inched up from DM7.6bn to DM7.7bn after Fridey's DM3bn fall. Mr John Blackley of James Capel said that share prices were spurred by inflation figures, first from Bavaria and then for western Germany as a whole.

"The bund future was trading 30 basis points lower, and very weak," he said, "then Bavaria came in with a 2.8 per cent year-on-year inflation rate, the bund future moved to 10 points up, e gain of 40 points in two minutes, and the Dax followed it higher."

The index gains were driven by carmakers, with BMW, Daimler and Volkswagen all up more than 2 per cent on the session. Siemens tried to keep up, rising DM11.50 to DM708.5 on its deal with Stet but it lost ground to close at DM706.50 in the London afternoon.

AMSTERDAM recovered all of Friday's losses and then gained more ground as a number of companies came out with good news, and internationals performed well.

The AEX index improved 4.10 or 1 per cent to 410.93.

The chemicals stocks did well with Akzo pulling back some of last week's losses, the shares adding Fl 3.90 to Fl 218.50 and DSM improving a further Fl 1.20 to Fl 130.20.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Mar 28 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1425.98	1426.93	1428.92	1430.71	1432.48	1436.39	1436.73	1438.59
FT-SE Eurotrack 200	1458.35	1458.89	1460.21	1462.51	1465.04	1468.84	1466.62	1468.31

	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21
FT-SE Eurotrack 100	1412.49	1425.41	1445.73	1438.48	1436.71
FT-SE Eurotrack 200	1449.55	1454.58	1478.00	1477.51	1479.54

Base value 1000 (26/10/90); High/day: 100 - 1438.03; 200 - 1470.30 Low/day: 100 - 1425.93 200 - 1458.05.

The Opec agreement gave Royal Dutch a rise of Fl 1.30 to Fl 191.80, while Reed Elsevier advanced Fl 3.10 to Fl 169.50 on news that it had acquired a French group specialising in exhibition organisation. KLM, up Fl 2.60 at Fl 46.70, was helped by expectations that its share issue had been heavily subscribed.

PARIS found little to support a significant upward move and the CAC-40 index finished 7.87 higher at 2,144.49.

LVMH put on FFr14 to FFr858. The group was recently upgraded by James Capel, which expected earnings growth of around 25 per cent per annum in 1994 and 1995, based on higher turnover, better operating margins in the champagne division and a drop in interest payments.

ZURICH went bargain hunting and the SMI index closed 30.6 higher at 2,862.4.

It was led higher by financials; there was hope that Swiss March inflation data could lift the market today, and in the meantime UBS bearers topped the active list as they rose SFr28 to SFr1,228.

Chemicals rose ahead of Ciba-Geigy's annual news conference in London today, Ciba by SFr13 to SFr915, Sandoz by SFr40 to SFr4,050 and Roche by SFr85 to SFr7,090.

MADRID saw some mild profit-taking by domestic funds looking for end-quarter capital gains as the general index slipped 2.07 to 327.32 in low turnover of Pta21.67bn. Banesto dropped Pta63, or 7.8 per cent to Pta750 after Saturday's shareholder approval for the Bank of Spain-sponsored rescue plan for the company.

WARSAW fell nearly 5 per cent and brokers expect the downward trend to continue. The WIG index lost 873.4 to 17,646.3 with volume rising 18 per cent to 1.6m shares.

ISTANBUL was encouraged by the better than expected result for the coalition of Prime Minister Tansu Çiller in local elections at the weekend. The composite index added 5 per cent, gaining 678.07 to 14,214.19. The market is now waiting for the government to announce details of an austerity package.

TEL AVIV's Mishtanim index rose 12.89, or 6.45 per cent to 212.68 in trading shortened by the Passover holiday, on reports of progress in peace talks with the PLO.

The market peaked at almost 260 early in February but it was described then as overvalued, and subsequently upset by an investigation into alleged stock manipulations.

ATHENS fell nearly 2 per cent as selling which began last week gathered pace. The general index closed at 1,040.54. In turnover estimated at Dkr5bn.

Written and edited by William Cochrane and John Pitt

ASIA PACIFIC

Nikkei resumes upward course in technical trading

Tokyo

Share prices closed higher on technical trading but volume was thin; investors were cautious on the first trading day for delivery in the new business year, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 average gained 105.31 at 19,941.79 after a low of 19,725.55 and high of 20,062.91. Selling subsided as most companies and financial institutions had finished their stock selling to spruce up their financial books ahead of March 31, the fiscal year-end.

A fall in futures contracts, following the decline on the Chicago futures market on Friday, pulled stocks down briefly during the morning. Shares rose on investment trust fund demand, and foreign investors were also seen buying stocks in small lots. Volume was 250m shares, against 353m.

Uncertainty over movements in overseas financial markets also kept many investors inactive, while investor sentiment was also depressed as 1,038 shares went ex-dividend.

The Topix index of all first section stocks rose 2.49 to 1,612.84 and the Nikkei 300 put on 0.68 at 295.86. Advances led declines by 521 to 495, with 129 issues unchanged. In London the ISE/Nikkei 50 index was 1.37 firmer at 1,330.34.

Reports of increased investment in cable television boosted multimedia linked stocks. Itochu, the trading house which, according to reports, is investing Y40bn in its cable television business, climbed Y31 to Y673, while Toshiba gained Y16 at Y799.

Other telecom linked shares were stronger. NEC, a leading maker of communications equipment, was the most heavily traded issue, adding Y50 at Y1,150, and Fujitsu rose Y30 to Y1,060.

Mining and non-ferrous metal companies were higher on a rise in commodity prices. Sumitomo Metal Mining advanced Y11 to Y931 and Showa Aluminum Y40 to Y510.

In Osaka, the OSE everage rose 59.27 to 22,129.51 in volume of 20.9m shares.

Roundup

The region was affected by a series of individual factors.

HONG KONG swung to modest losses at the close as sharp early gains on a rebound in Jardine Matheson were wiped out. The Hang Seng index shed 37.18 to 9,197.03, off a day's high of 9,362.80. Turnover shrank to HK\$4.7bn from Friday's HK\$5.9bn.

Jardine Matheson rallied HK\$6 to HK\$53.50 after falling sharply in recent days following the announcement of its plans to pull out of the bourse. Some switching was seen into Jardine by European funds, out of Swire Pacific, which receded HK\$2 to HK\$54.50.

SINGAPORE continued to see US selling and the Straits Times Industrial index slipped 23.49, or 1.1 per cent, to 2,059.93. Volume amounted to 119.4m shares.

Inchcape appreciated 31 cents to S\$5.15 after reporting healthy results for 1993.

SEOUL ended higher in a technical rebound which took the composite index up by 10.56 to 883.24.

Brokers said that institutional support of some banks boosted the sector ahead of rights issues in the next month: the banking sub-index rose 23.86 to 619.70.

MANILA remained firm on bargain hunting. The composite index put on 54.61 at 2,685.68. Combined volume climbed to 1.8m shares valued at 1.25bn pesos.

Top traded issues were the "A" and "B" shares of Manila Electric which rose respectively by some 2 per cent and 3 per cent to 372.50 pesos and 470 pesos.

KUALA LUMPUR extended its falls on continued selling pressure, the composite index closing 18.67, or 1.9 per cent, down at 951.43 after touching a low of 942.35 in morning trade.

Investors remained nervous ahead of the release of Bank Negara's annual report tomorrow. Turnover shrank to 141m shares from Friday's 194m.

AUSTRALIA dropped to a new low for 1994, dragged down by weakness in the bond market and futures exchange. The All Ordinaries index fell 42.7 to 2,108.9. Turnover came to A\$795.6m. Industrials were among the main fallers, the All Industrials index weakening 68.5 to 3,192.2.

BHP tumbled 26 cents to A\$17.08 after Foster's Brewing sold its stake in Beswick Pty, BHP's biggest shareholder.

NEW ZEALAND dropped to its lowest point since last December, but brokers said that part of the fall was caused by key stocks going ex-dividend. The NZSE-40 capital index finished 30.96, or 1.4 per cent, lower at 2,119.06.

BOMBAY ended modestly higher after a restricted 90-minute trading session. The BSE 30-share index moved forward 17.23 to 3,695.39.

Activity was depressed by regulations specifying that margins on purchases should be paid the same day.

The Securities and Exchange Board of India has also banned the carry forward system.

KARACHI reflected nervousness following violence in the city on Sunday in which three people were killed.

The KSE 100-share index dropped 61.14, or 2.3 per cent, to 2,561.43.

BANGKOK declined on worries about political uncertainty and news of an increase in lending rates by some commercial banks. The SET index surrendered 33.73, or 2.64 per cent, at 1,246.34 in thin turnover of Bt4.3bn.

The construction materials, property and communications sectors were hit by profit-taking.

Big swings in Mexico and New Zealand

By William Cochrane

Big global bourses fell last week, with equity traders living on their nerves, depressed by the continuing rise in US long bond rates and buffeted by intraday volatility.

This time, Japanese equities were unable to avoid the general concern over world events; in fact, they were depressed additionally by rising tensions in the Korean peninsula and fell in line with the European and US blocs, as did the FT-Actuaries World Index with a drop of 2 per cent in local currency terms.

Perhaps the biggest surprise of the week was a rise of more than 6 per cent in Mexico, in spite of the assassination on Wednesday of the governing party's presidential candidate Mr Luis Donaldo Colosio – and following initial falls of 10 per cent last Thursday in Mexican stocks in Europe.

Mexico City, closed on Thursday as a mark of respect, fell to begin with on Friday but recovered to end with the IPC index down only 0.9 per cent on the day.

Ms Justine Roberts of S.G. Warburg Securities says that this was an understandable response, and offers three good reasons why:

- first, a number of houses advising on international asset allocation saw a potential setback in Mexican equities as a buying opportunity;
- secondly, last Thursday Mexico completed negotiations to join the Organisation for Economic Co-operation and Development, its acceptance having been seen as a sign of faith in Mexico;
- and thirdly, the left wing opposition is unlikely to gain from the loss of the ruling party's main candidate. "The odds remain heavily in favour of the Institutional Revolutionary Party (PRI)," says a Warburg note, "and the chances of economically imprudent left wingers gaining office remain as remote as ever."

The biggest fall of the week came in New Zealand, down 7.3 per cent, partly due to the weight of Telecom in the World Index component. Ms Pauline McAtamney at Ord Minnett says Telecom, with its high payout ratio, is viewed as a dividend stock and highly interest rate sensitive.

Generally, she adds, the drop in global bond markets has hit New Zealand stocks since the beginning of February; and, more recently, New Zealand forestry shares have been following the North American counterparts down.

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1993	% change sterling † Start of 1993	% change in US $ † Start of 1993
Austria	-3.29	-3.29	+35.76	+37.92	+35.11	+33.63
Belgium	-2.49	-1.43	+15.41	+30.23	+27.33	+25.93
Denmark	-3.11	-5.01	+38.36	+46.20	+41.06	+39.52
Finland	-3.03	-2.19	+81.65	+118.26	+107.26	+105.00
France	-3.43	-2.96	+11.74	+22.14	+19.35	+18.05
Germany	-1.21	+1.72	+25.29	+35.65	+33.18	+31.71
Ireland	-2.32	-1.85	+27.66	+55.62	+39.67	+38.14
Italy	+0.59	+2.71	+41.27	+58.35	+43.01	+41.44
Netherlands	-3.04	-3.30	+21.79	+33.88	+31.28	+29.84
Norway	-2.87	-4.62	+34.50	+51.40	+45.82	+44.22
Spain	-2.88	-3.22	+33.31	+47.72	+24.68	+23.32
Sweden	-4.04	-6.37	+35.76	+40.48	+27.26	+25.87
Switzerland	-0.36	-2.74	+34.26	+39.36	+45.58	+43.99
UK	-2.71	-4.37	+11.54	+13.01	+13.01	+11.77
EUROPE	-2.29	-2.71	+19.82	+28.41	+24.05	+22.70
Australia	-0.67	+0.43	+24.81	+33.70	+39.74	+38.21
Hong Kong	+2.45	-5.73	+53.08	+72.57	+74.84	+72.92
Japan	-2.23	-0.20	+13.51	+22.93	+48.17	+46.54
Malaysia	-4.64	-15.84	+69.80	+78.86	+74.21	+72.51
New Zealand	-7.33	-4.26	+35.02	+39.04	+54.63	+53.14
Singapore	-1.67	-12.89	+34.02	+37.06	+44.08	+42.51
Canada	-0.81	+4.17	+20.24	+28.15	+19.83	+18.52
USA	-2.09	-1.01	+2.07	+5.42	+6.59	+5.42
Mexico	+6.05	-1.30	+48.88	+41.73	+33.28	+31.83
South Africa	-1.12	+8.28	+51.72	+68.30	+75.49	+73.57
WORLD INDEX	-2.00	-1.32	+11.97	+18.06	+24.51	+23.16

† Based on March 25th 1994. Copyright, The Financial Times Limited, Goldman, Sachs & Co, and NatWest Securities Limited.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY MARCH 25 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY MARCH 24 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993/94 High	1993/94 Low	Year ago (approx)
Australia (68)	172.93	-0.8	171.21	114.49	149.96	161.76	-0.9	3.35	174.27	173.06	117.07	151.54	163.29	189.15	130.16	138.41
Austria (17)	187.30	-1.4	185.44	124.00	162.42	161.90	-2.0	0.96	189.93	188.60	127.59	165.15	165.28	195.41	139.63	139.82
Belgium (42)	167.76	-0.6	166.11	111.08	145.49	142.26	-1.1	3.97	168.71	167.53	113.33	146.70	143.77	171.08	141.92	147.86
Canada (107)	137.06	-1.1	135.70	90.74	118.86	136.44	-1.0	2.46	138.60	137.64	93.11	120.52	137.82	146.31	121.46	125.97
Denmark (32)	259.67	-0.8	257.10	171.92	225.18	232.23	-0.8	1.00	261.17	259.34	175.44	227.09	234.02	275.79	195.65	195.66
Finland (22)	142.70	-2.2	141.29	94.48	123.75	166.77	-1.9	0.89	145.92	144.90	98.02	126.88	170.04	156.72	73.77	73.77
France (98)	173.74	-0.3	172.01	115.02	150.66	155.70	-0.5	2.97	174.26	173.05	117.07	151.53	156.52	185.37	149.60	159.29
Germany (58)	137.03	-1.3	135.68	90.72	118.83	118.83	-1.5	1.75	138.81	137.84	93.25	120.70	120.70	142.38	107.59	111.10
Hong Kong (56)	383.13	-0.7	379.33	253.65	332.25	380.02	-0.7	2.81	385.75	383.07	259.14	335.44	382.59	506.56	250.09	250.09
Ireland (14)	187.56	-0.6	185.70	124.17	162.65	183.45	-0.8	3.26	188.53	187.22	126.65	163.94	184.60	209.33	150.94	150.94
Italy (69)	77.61	1.9	76.84	51.38	67.30	95.61	1.2	1.76	76.18	75.66	51.18	66.26	94.51	78.93	55.21	58.54
Japan (469)	153.91	1.2	152.39	101.90	133.47	101.90	-0.2	0.76	152.05	150.99	102.16	132.22	102.15	165.91	121.01	121.01
Malaysia (69)	450.51	-1.6	446.04	298.26	390.68	471.07	-1.9	1.61	457.98	454.76	307.67	398.24	480.38	621.63	277.11	277.30
Mexico (18)	2172.38	-0.7	2150.81	1438.21	1883.82	7967.03	0.0	0.63	2188.28	2172.96	1470.00	1902.75	7967.03	2647.06	1431.17	1573.49
Netherland (26)	196.58	-0.3	194.63	130.15	170.48	168.27	-0.7	3.33	197.13	195.76	132.43	171.42	169.40	207.43	163.30	163.85
New Zealand (14)	65.68	-1.1	65.03	43.48	56.96	61.61	-1.0	3.76	66.23	65.92	44.60	57.72	62.24	77.59	45.71	45.92
Norway (23)	198.61	-0.7	196.64	131.49	172.23	195.76	-0.9	1.70	199.93	198.54	134.31	173.85	197.52	206.42	150.61	153.52
Singapore (45)	304.05	-1.6	301.04	201.30	263.67	221.06	-1.9	1.77	308.81	306.66	207.45	268.53	225.45	378.92	217.80	217.80
South Africa (60)	257.05	-2.4	254.50	170.18	222.91	264.49	-1.2	2.32	263.42	261.58	176.96	229.05	267.73	280.26	161.99	174.72
Spain (42)	143.80	-0.3	142.37	95.20	124.70	149.48	-0.5	3.87	144.21	143.20	96.88	125.39	150.22	155.79	116.33	126.20
Sweden (36)	208.39	-2.2	206.32	137.65	180.71	243.61	-2.0	1.57	213.14	211.65	143.18	185.34	248.60	230.02	154.79	184.70
Switzerland (49)	182.72	-0.5	181.10	107.72	141.10	143.08	-0.7	1.57	163.45	162.30	186.60	142.12	144.12	176.56	112.94	112.94
United Kingdom (215)	192.65	0.5	190.74	127.55	187.07	190.74	0.2	3.85	191.78	190.44	128.83	198.76	190.44	214.96	170.01	170.01
USA (519)	187.76	-0.8	185.90	124.31	162.82	187.76	-0.6	2.82	189.21	187.82	127.11	164.52	189.21	196.04	176.61	183.94
EUROPE (744)	166.88	-0.1	165.22	110.48	144.71	157.82	-0.4	2.91	167.13	165.97	112.28	145.33	158.51	178.58	139.58	139.58
Nordic (113)	203.65	-1.7	201.56	134.79	176.54	207.23	-1.6	1.35	207.17	205.72	139.17	180.14	210.71	220.60	145.85	145.85
Pacific Basin (722)	162.23	0.9	160.68	107.45	140.74	111.97	-0.4	1.06	160.86	159.73	108.06	139.87	112.38	168.80	125.64	126.64
Euro-Pacific (1466)	164.05	0.5	162.42	108.61	142.26	130.01	-0.4	1.65	163.32	162.18	109.71	142.01	130.53	170.76	131.22	131.22
North America (626)	184.61	-0.8	182.77	122.22	160.08	184.18	-0.6	2.80	186.08	184.76	124.99	161.76	185.62	192.73	173.70	180.35
Europe Ex. UK (529)	149.37	-0.5	147.89	98.89	129.53	137.79	-0.8	2.35	150.15	149.10	100.87	130.53	138.89	155.73	120.70	120.70
Pacific Ex. Japan (253)	244.84	-0.8	242.21	161.96	212.16	224.64	-1.1	2.73	246.99	245.27	165.92	214.77	227.09	298.21	171.10	171.10
World Ex. US (1651)	165.55	0.3	163.91	109.60	143.56	133.50	-0.4	1.86	164.99	163.84	110.84	143.46	134.07	172.51	132.38	132.38
World Ex. UK (1955)	169.92	-0.1	168.23	112.49	147.35	146.48	-0.6	2.04	170.12	168.93	114.28	147.92	147.39	175.58	148.73	146.73
World Ex. So. Af. (2110)	171.43	0.0	169.72	113.49	148.65	149.57	-0.5	2.21	171.49	170.29	115.20	149.12	150.38	178.56	148.70	148.70
World Ex. Japan (1701)	183.45	-0.8	181.63	121.45	159.08	178.77	-0.7	2.80	184.54	183.26	123.97	160.47	179.98	195.20	164.42	164.96
The World Index (2170)	171.93	-0.1	170.22	113.82	149.09	150.46	-0.8	2.21	172.04	170.84	116.57	149.59	151.29	178.97	148.77	148.77

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